

**DEPARTMENTS OF LABOR, HEALTH AND  
HUMAN SERVICES, AND EDUCATION, AND  
RELATED AGENCIES APPROPRIATIONS FOR  
FISCAL YEAR 2012**

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**WEDNESDAY, MAY 4, 2011**

U.S. SENATE,  
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,  
*Washington, DC.*

The subcommittee met at 10 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Tom Harkin (chairman) presiding.  
Present: Senators Harkin, Brown, Shelby, and Cochran.

DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

**STATEMENT OF HON. HILDA L. SOLIS, SECRETARY**

OPENING STATEMENT OF SENATOR TOM HARKIN

Senator HARKIN. The Subcommittee of Labor, Health and Human Services, and Education, and Related Agencies will now come to order.

First of all, welcome back to the subcommittee, Madam Secretary. Your appearance today comes at a critical point for your Department and for our Nation's workforce.

After a long and difficult recession, our economy is slowly recovering, but too many workers are unemployed or underemployed, and more needs to be done to ensure that all Americans benefit from economic growth, not just the few at the top. At the same time, Congress and the administration must work together to reduce our budget deficits and restore fiscal discipline.

FISCAL YEAR 2011 APPROPRIATIONS BILL

A first step was taken last month when we completed action on the fiscal year 2011 appropriations bill. This bill made significant cuts to the Department of Labor, more than \$800 million, or 6 percent below the fiscal year 2010 level. And yet, we maintained important investments in employment and training programs, worker protections, and the fight against the worst forms of child labor. The cuts could have been more damaging. The House alternative, H.R. 1, targeted programs that serve the most vulnerable Americans, including drastically cutting job training for people who have lost their jobs as a result of layoffs. It's hard to see the wisdom of

a cut like that when the real unemployment rate really is close to 16 percent in this country. Thankfully, the fiscal year 2011 bill rejected that approach.

#### FISCAL YEAR 2012

Now we turn to fiscal year 2012. Regrettably, we already know that programs that benefit American workers are once again being targeted for draconian cuts. The budget passed by the House last month takes the approach that the deficit should be addressed by enacting yet another tax cut bonanza for those at the top while ripping the social safety net for seniors, people with disabilities, and low income, and slashing funding for education and training. In fact, the House budget would cut education and training programs by 15 percent in fiscal year 2012.

I believe there's a better way, and history offers a guide. When President Clinton took office in 1993, he faced a similar situation in terms of the budget. He proposed a balanced approach that included spending cuts and necessary revenue increases while continuing to make crucial investments in education, infrastructure, and research, areas that are absolutely essential if we're going to create jobs and stay competitive in the global economy. The plan worked, and worked brilliantly. It created large budget surpluses, 22 million new jobs, and 116 consecutive months of economic expansion, the longest in American history. I believe we need that same balanced approach today.

Madam Secretary, there is no question that the fiscal year 2012 budget for the Department of Labor will remain tight. But, the President rightly puts a high priority on programs that are critical to our long-term fiscal health, especially in the areas of employment and training, as well as a new workforce innovation fund that Congress created in the fiscal year 2011 bill.

I'm also pleased to see that the budget request continues the Disability Employment Initiative that Congress started in fiscal year 2010. With almost 80 percent of Americans with disabilities not currently in the labor force, we need to do much better, and I believe this initiative will help.

Your budget also proposes important investments that will help address mine safety and health, worker misclassification, and workplace safety and health activities. I was particularly pleased to see a proposed increase for Bureau of International Labor Affairs (ILAB), which leads our fight against the worst forms of child labor around the world. And I thank you for that, Madam Secretary.

On a related note, I'd like to thank you for your efforts on the framework of action to support the implementation of the Harkin-Engle Protocol targeted at child labor in the cocoa sectors of Ghana and the Ivory Coast.

Madam Secretary, I know you are well aware of the many important priorities competing for resources in our Labor-HHS appropriations bill. Your testimony in this hearing will help inform us as we do that work.

And before we hear from you, Madam Secretary, I would yield to Senator Shelby for his opening statement.

## STATEMENT OF SENATOR RICHARD C. SHELBY

Senator SHELBY. Thank you, Mr. Chairman.

Madam Secretary, I look forward to hearing your testimony today on the 2012 budget request. As the chairman has said, we're in difficult economic times. The unemployment rate is 8.8 percent. When you consider the underemployed and those who have stopped looking for work, which the Department of Labor does not incorporate in the unemployment statistics, the real unemployment rate is actually much higher, at 16.2 percent.

The Federal deficit is \$1.65 trillion. In fiscal year 2012, I believe we need to make cuts to our discretionary budget. I don't think we have any choice. The Department of Labor's fiscal year 2012 budget request reduces Federal spending by 5 percent, compared to fiscal year 2010 levels. And while the Department of Labor should be recognized for cutting spending, a feat not accomplished by every Department in the year 2012, I do not believe, myself, a 5-percent reduction within the Department of Labor goes far enough. In this difficult economic environment we need to cut spending today.

## DUPLICATION IN DEPARTMENT OF LABOR TRAINING PROGRAMS

To get Federal spending under control in the long term, we must reduce spending in the short term. The first place to begin to reduce expenditure is by eliminating duplication among Department of Labor training programs. On March 1, the Government Accountability Office, GAO, released a report on duplication within Federal programs. I'm concerned that 44 of the 47 Federal employment and training programs that the GAO identified overlap with at least one other program. I would think we could all agree that providing the same services to the same population but through separate administrative structures does not make sense. Many Federal workforce programs meet important skill needs. But, the workforce system could be better aligned across agencies and streamlined to ease access for both workers and employers. And while I understand the implementation could be challenging, collocating services and consolidating administrative structures would increase efficiencies, and it would certainly reduce costs.

## GOVERNMENT ACCOUNTABILITY OFFICE REPORT

To the greatest extent possible, we should not have duplication within the Federal Government, and certainly not within one Department. The GAO report makes a number of recommendations that would move the system in that direction. And I think our subcommittee needs to seriously consider them.

Second, as the GAO report pointed out, we do not know the effectiveness of most of the Department of Labor programs. In last year's testimony before this subcommittee, Madam Secretary, you stated that you understand the importance of evaluating the Department of Labor workforce programs, and you have, quoting you, "a new commitment to program evaluation." Those were your words. A year later, I see few results. Job Corps has not had a rigorous evaluation since 2003—8 years ago. The program's funding, under the Workforce Investment Act was supposed to be evaluated in 2005, and now we will not have results until 2013. How can this

subcommittee make funding decisions without having thorough reviews of programs? I believe we should have clear metrics and a results-driven evaluation process to ensure that we fund only the most successful programs.

Finally, over the past 10 years, the Federal Government's regulatory reach has greatly expanded. The administration continues to want to extend that reach, even though costly new regulations, I believe, are oppressing economic growth in the business community. According to the Center for the Study of American Business at Washington University, \$1.3 trillion is lost each year in total U.S. economic activity due to Federal regulations throughout our Government. We need to work together to reduce excessive burdens on businesses and job creation while still maintaining workplace health, safety, and basic employment protections.

I'm particularly concerned regarding draft rule proposals on welfare benefit plan disclosures and on the definition of a fiduciary. I will have questions for the record on both of these topics.

Mr. Chairman, I thank you for holding this hearing. I look forward to continuing to work with you as we move toward the 2012 appropriation process.

Senator HARKIN. Thank you very much, Senator Shelby.

Senator COCHRAN. Mr. Chairman, may I ask unanimous consent to join you and Senator Shelby in welcoming the witness—

Senator HARKIN. Absolutely.

Senator COCHRAN [continuing]. And having my statement be included at this point in the hearing record?

Senator HARKIN. Absolutely. Absolutely—

Senator COCHRAN. Thank—

Senator HARKIN. [continuing]. Senator Cochran.

Senator COCHRAN. Thank you. Welcome.

[The statement follows:]

PREPARED STATEMENT OF SENATOR THAD COCHRAN

Mr. Chairman, thank you for calling this hearing to discuss funding for the Department of Labor for fiscal year 2012. I appreciate Secretary Solis attending today and look forward to her testimony.

Madame Secretary, I want to thank you for your continued support of Job Corps and the YouthBuild program within the fiscal year 2012 budget. Workforce development programs targeted at youth are critical to developing occupational skills as they work toward their chosen career field. Mississippi has three Job Corps centers that serve over 1,400 students each year and six YouthBuild programs throughout the State. These programs have given numerous out-of-school, out-of-work Mississippi youth the opportunity to obtain their General Equivalency Diploma (GED) or high school diploma and gain critical vocational training. I look forward to continuing to work with you on these important programs.

Thank you, Mr. Chairman.

Senator HARKIN. And any other Senators who are not here, or may come later, their written statements will be made a part of the record.

Secretary Solis was confirmed as the 25th Secretary of Labor on February 24, 2009. First elected to public office in 1985, as a member of the Rio Hondo Community College board of trustees, Secretary Solis also served in the California State Assembly from 1992 to 1994; in 1994, made history by becoming the first Latina elected to the California State Senate. As the chairwoman of the California Senate Industrial Relations Committee, she led the battle to in-

crease the State's minimum wage. She also authored a record 17 State laws aimed at combating domestic violence. Secretary Solis also was a management analyst with the Office of Management and Budget (OMB) in the Civil Rights Division and, as we know, also served as a U.S. Representative from the 32d congressional district in California from 2001 to 2009. Secretary Solis graduated from the California State Polytechnic University, in Pomona, and earned her master's degree at the University of Southern California.

So, Madam Secretary, you have a sterling background, and a background that fits in very well with your job and your leadership at the Department of Labor. And let me, again, just thank you for that great leadership that you've provided over the last couple of years. We have seen, I think, dramatic improvement in the morale. And we've see a lot of good things happening out there, especially in areas of worker safety and worker health protections. And I just want to compliment you for that and welcome you back to the subcommittee.

Your statement will be made a part of the record in its entirety. And you can please proceed as you so desire.

Thank you.

#### SUMMARY STATEMENT OF HON. HILDA L. SOLIS

Secretary SOLIS. Thank you so much, Chairman Harkin and Vice Chairman Shelby and, obviously, Senator Cochran, for being here. It's a pleasure to come back here before you, to the subcommittee, and provide my testimony to you.

Since I came before you last year, there have been a lot of changes in our economy, as you well know, and throughout our country. But, what has not changed is the desire of the American public, and that is for us to work together to address the challenges facing working-class people and especially those people that are underemployed or unemployed. While there is broad agreement that the Government has to start living within its means, I hope we can also agree that we have to make those investments that will allow our future to prosper by out-innovating out-competing, out-educating, and making sure that everyone here has a fighting chance to be successful. For the Department of Labor, that means preparing Americans for jobs of tomorrow as well as ensuring that those jobs are both safe and that they are fair.

The President's 2012 budget reflects difficult choices but retains the critical investments needed to get America back to work and in safe jobs. It also does so in a way that shows our commitment to innovation. I want to thank you, Mr. Chairman, for supporting the Workforce Innovation Fund within this recent budget agreement. I look forward to working together with you to build on the initial investment in a way that will make the public workforce investment system more efficient, more streamlined, more targeted to best serve our Nation's workers. This is an example of where we did make a tough choice in the budget. Instead of adding funds on top of existing programs, we redirected funding from a slower spending statewide set-aside to create a competitive grant program. Some of the concerns that Senator Shelby has raised I believe will be addressed in this Innovation Fund.

## WORKFORCE INVESTMENT ACT

There was a similar choice that we had to make that you had to make, as well: recent cuts that were made in the Workforce Investment Act, overall. In crafting the future of WIA, the Workforce Investment, I hope that we can find a way to strike a good balance between local service dollars, statewide activities, and competitive grants that don't replicate or duplicate programs. I'm looking for ideas to provide new areas and innovative pursuits, as also—and looking, also, for a system that will help provide those reforms that we're talking about here today.

I know that you've also faced tough choices in eliminating, in fiscal year 2011, funding for green job training programs. As the economy recovers, however, I strongly believe that green jobs still will remain a growing segment of this economy and will take us further, in the 21st century, to cut our dependence on foreign oil and as well as relying on those countries that may not be supportive of our goals, overall.

Preparing workers for these jobs will be a vital component of winning the future, and restoring the investment will allow us to continue to work with industry to ensure that American workers have the opportunity to gain the skills and credentials to move into better and high-paying jobs. And hopefully those jobs will stay here on our shores.

I also want to emphasize that our budget maintains our commitment to helping the most vulnerable populations, those that are veterans, women, and other people that serve us well, here in our country. We focus our resources and our Nation's—on our Nation's veterans, including additional funds to help veterans in transition to civilian employment, and for homeless veterans, as well.

One of my priorities in that program is targeting women veterans, many who are coming home have served us abroad and are finding it very, very difficult to find employment, but also, to help their families. We maintain the funding, in both ETA and ODEP, for the Disability Employment Initiative that you, Mr. Chairman, have championed. We recognize, also, that young people need skills to qualify for the jobs of the future, and request additional funds for the YouthBuild Program and the Job Corps operations.

## WORKER PROTECTION

At the Department of Labor, we take very seriously our obligation to both protect workers and to protect those businesses that play by the rules and provide their workers a safe and fair workplace. No worker should have to worry about whether they are going to come home safely at the end of a shift or get paid for the work that they do. And no employer should have to compete against companies that cut corners on safety or evade the law.

The fiscal year 2012 budget builds on recent gains from our worker protection agencies. As an example, the Occupational Safety and Health Administration, OSHA, must ensure that all employers live up to their obligation to provide a safe workplace. Fiscal year 2012 budget provides the enforcement and regulatory staff and resources we believe are necessary to meet that challenge. It also maintains and expands on our commitment on compliance as-

sistance programs, including the Voluntary Protection Program and the free Onsite Consultation Program that focuses on small businesses.

Also within OSHA, we include additional funds to respond to the challenge of implementing a greatly expanded Whistleblower Protection Program that the Congress enacted.

The Upper Big Branch mine disaster, as you recall, 1 year ago, resulted in the needless loss of 29 miners, and the worst mining disaster since the creation of the Mine Safety and Health Administration. In light of this tragedy, the budget request includes additional resources so necessary to ensure that the Department has the right tools needed to best protect our miners. The request includes funding to continue to reduce the backlog of contested citations at the Federal Mine Safety and Health Review Commission. And I thank you for your attention that you have paid to this problem in the recent budget agreement. We must also continue our efforts in this area to ensure that we're holding accountable mine operators who fail to meet their legal and moral obligation and responsibility to provide safe mines.

I also wanted to highlight a few other priority areas at DOL. The budget request contains an increase for EBSA, the Employment Benefit Security Administration, that protects employee benefits for more than 149 million people by safeguarding the integrity of 718,000 pension plans and 2.6 million health plans. Our recent request also includes resources in the Wage and Hour Division and other agency partners to prevent misclassification which is often misused by employers by classifying workers as independent contractors in order to avoid their legal obligation to pay taxes or follow employment laws.

One of my goals as Secretary has been to build upon a balanced pattern of global trade. Unless workers' rights, wages, and working conditions are respected in countries abroad that we trade with, workers will be at a disadvantage in the global economy, particularly U.S. workers. The budget includes an increase of this work by our Bureau of International Labor Affairs while maintaining resources in ILAB's effort to combat child labor. Again, I want to thank the chairman for his tireless effort on our behalf and those many millions of children.

Before closing, I want to emphasize our commitment to improving how we deliver services. We're constantly scrutinizing ourselves and looking for opportunities to improve and to do things much smarter. I'm particularly proud of our adoption of a rigorous self-evaluation program. We have a new chief evaluation officer who is helping us measure our impact of our programs to find out what works and what does not work. And I welcome the opportunity for her to have a discussion with each of you.

And I also want to note that the budget includes a proposal to strengthen the integrity of unemployment insurance. And we look forward to working with Congress on that matter.

Again, I want to thank you for the opportunity to present our budget. I look forward to working with all of you. And I hope that we'll continue to make headway in the coming year.

Thank you for the opportunity to be here.

[The statement follows:]

## PREPARED STATEMENT OF HILDA L. SOLIS

Chairman Harkin, Ranking Member Shelby, and members of the Subcommittee, thank you for the invitation to testify today. I appreciate the opportunity to discuss the fiscal year 2012 budget request for the Department of Labor.

There is broad agreement that the Federal Government has to start living within its means. Now that our economic recovery is gaining strength, we must come together, reduce our deficit, and get back on a path that will allow us to pay down our debt. But we must do it in a way that protects the recovery, protects the investments we need to grow, create jobs, and helps us win the future. Building on the 2012 budget and borrowing from the recommendations of the bipartisan Fiscal Commission, the President recently proposed a balanced approach to achieve \$4 trillion in deficit reduction over 12 years. Part of this plan is to keep annual domestic spending low by building on the savings reflected in our 2011 budget agreement. That step alone will save us about \$750 billion over 12 years. The administration is committed to making the tough cuts necessary to achieve these savings—including to programs we care about—but will not sacrifice the core investments we need to grow and create jobs.

The 2012 budget request for the Department of Labor includes a number of these difficult cuts, but it also includes key investments that would allow us to win the future by out-innovating, out-educating, and out-building our global competitors. Getting America back to work is a top administration priority as we seek to spur growth in the U.S. economy. It is important to promote the creation of “good jobs,” and the Department of Labor plays a vital role in this goal by helping workers find and prepare for new jobs, helping employers find skilled workers, and enforcing statutory obligations that keep workers safe and help them keep what they earn.

## INVESTING IN THE FUTURE

The Department of Labor fiscal year 2012 budget invests in the future by working toward my vision, Good Jobs for Everyone. The Department’s budget focuses on this vision in a fiscally responsible manner by:

- Getting America Back to Work;
- Keeping Workers Safe; and
- Helping Workers Provide for Their Families and Keep What They Earn.

## GETTING AMERICA BACK TO WORK

To get America back to work and win the future, the Department will prepare workers with the tools they need to succeed in the 21st century economy, help workers and firms find each other, and support innovative strategies to promote economic recovery. The budget documents have been provided to the Committee and are available on our website, but for now, I want to share the key investments with you:

- Workforce Innovation Fund.*—The public workforce investment system is more important now than ever, but we need to make it more efficient, streamlined, and targeted to serve our growing customer base. To ensure that our investments in employment and training are focused on reform, the Departments of Labor and Education will invest in a Workforce Innovation Fund that will drive innovation and reinvigorate America’s workforce development system. The Fund represents a small but crucial investment in innovative, evidence-based, and cost-saving workforce investment strategies that will significantly impact formula-funded activities well into the future. We were pleased that the final 2011 budget agreement included funding for the Fund. Our commitment to innovation is also reflected in requests for green jobs innovation activities and, of course, for evaluation so that we can improve our knowledge of what works.
- YouthBuild.*—Developing the skills of our Nation’s youth is critical to ensuring that our workforce is ready to succeed in the future. The 2012 budget requests additional funds for the YouthBuild program, which provides disadvantaged youth, including youth with disabilities, with a pathway to employment or post-secondary education. In fiscal year 2012, we will continue to implement the YouthBuild random assignment evaluation—the first rigorous impact evaluation ever conducted of the program—to measure the program’s impacts on participants’ post-program employment and earnings and to build knowledge of what works.
- Unemployment Insurance Solvency and Integrity.*—This administration is committed to protecting the financial integrity of the UI system and helping unemployed workers return to work as swiftly as possible. Two major legislative proposals would strengthen the unemployment insurance safety net. One would



help States improve the solvency of their unemployment accounts in the Unemployment Trust Fund (UTF), while providing temporary tax relief for employers. The other would create incentives for States to adopt Short-Time Compensation programs and expand their use nationally through implementation grants and a temporary Federal program in order to help avert layoffs. Another legislative proposal would focus on reducing UI improper payments by giving the States new tools and resources that will strengthen the fiscal integrity of the UI system

- Job Corps*.—Our Job Corps program has a long history of preparing disadvantaged youth for a successful transition into the workforce. The 2012 budget would request additional funds for the program, and continues an ambitious agenda to improve the program's performance.
- Veterans' Employment and Training Service*.—We know returning veterans can contribute greatly to our economy. The request for the Department's Veterans' Employment and Training Service includes additional funds for the Homeless Veterans Reintegration Program to provide employment and training assistance to almost 27,000 homeless veterans, including continuing our outreach to homeless women veterans. In addition, the budget request funds the Transition Assistance Program for service members and their spouses, including expansion of services to retiring Reserve and National Guard members. Transition Assistance Program workshops play a key role in helping service members transition swiftly and successfully to civilian employment.
- Disability Employment Initiative*.—It is also important to continue our efforts to ensure that our workforce system effectively serves persons with disabilities. To accomplish this, the Department's budget includes funding for the Employment and Training Administration and the Office of Disability Employment Policy to continue the Disability Employment Initiative begun in fiscal year 2010. This initiative works to build the capacity of the WIA One-Stop Career Center system to serve job seekers with disabilities by improving coordination across programs, leveraging resources, and prioritizing the provision of service to job seekers with disabilities (adults and youth) through the Social Security Administration's Ticket to Work program.

#### KEEPING WORKERS SAFE

Winning the future requires a successful competitive market where all firms are playing by the rules to keep workers safe. Workers should be safe in their jobs and we need to ensure that our worker protection efforts keep up with the changing economy. The fiscal year 2012 budget builds on recent gains for our Worker Protection agencies. Some of the highlights of our worker protection request include:

- Occupational Safety and Health Administration*.—The Occupational Safety and Health Administration (OSHA) must ensure that all employers are able to provide safe workplaces to their employees. The request would expand OSHA's commitment to preventing injuries, illnesses and fatalities by deterring employers in the most hazardous workplaces who exhibit a profound disregard for worker safety and health. The fiscal year 2012 budget also includes funds to support OSHA's work with the 21 whistleblower programs it administers in order to reduce the backlog in whistleblower claims, expedite the handling of received complaints, and prepare for a high volume of complex cases resulting from recently passed laws.
- Mine Safety*.—The Upper Big Branch mine disaster just over 1 year ago resulted in the needless loss of 29 miners' lives and was the worst mining disaster in the last 40 years. To prevent future such tragedies, the budget request includes additional resources for the Mine Safety and Health Administration (MSHA) to ensure that the Department has the tools we need to best protect miners. The Budget also requests funding for the Office of the Solicitor (SOL) to reduce the enforcement backlog of contested citations at the Federal Mine Safety and Health Review Commission (FMSHRC). Funds would also support Administrative Law Judges processing Mine Safety and Health citation cases at FMSHRC. We must continue our efforts in this area to ensure that we are holding accountable mine operators who fail to meet their legal and moral responsibility to operate safe mines.

#### HELPING WORKERS PROVIDE FOR THEIR FAMILIES AND KEEP WHAT THEY EARN

*Employee Benefits Security Administration*.—The Department's Employee Benefits Security Administration (EBSA) protects the employee benefits for more than 149 million people by safeguarding the integrity of 718,000 pension plans, including 401(k) plans, 2.6 million health plans, and a similar number of other employee ben-

efit plans. The additional requested resources will support the significant increase in congressional action aimed at strengthening benefit security for working Americans and their families. The Department's efforts will make plans more secure and help ensure that workers and their families receive the benefits to which they are entitled from their plan and under the law.

*Pension Benefit Guaranty Corporation.*—The Budget proposes to strengthen the defined benefit pension system for the millions of Americans who rely on it by giving the PBGC Board the authority to adjust premiums and directing PBGC to take into account the risks that different sponsors pose to their retirees and to the pension insurance program. In order to ensure that these reforms are undertaken responsibly, the budget would require 2 years of study and public comment before any implementation and the gradual phasing-in of any increases.

*Employee Misclassification Prevention and Detection Initiative.*—The budget re-proposes a multi-agency Misclassification Initiative that would coordinate Federal and State efforts to remedy violations that may result from the misclassification of employees as “independent contractors” and mitigate future violations.

Other priorities from the budget submitted by the President in February include additional funds for the Bureau of International Labor Affairs. The fiscal year 2012 budget includes funds to allow ILAB to collect additional information for its responsibilities for reporting on labor rights in countries that have free trade agreements and trade preference programs with the United States. The budget will also continue the Bureau's longstanding commitment to combating child labor internationally and to building international relationships that improve global working conditions and strengthen labor standards around the world.

#### CONCLUSION

To summarize, the 2012 budget provides targeted investments to help workers and firms better find each other, prepare Americans with the skills needed for the jobs of today and the jobs of the future, and ensure that we have a fair and equitable labor market for firms and workers. Our efforts will help to get America back to work, foster safe workplaces that respect workers' rights, provide a level-playing field for all businesses, and help American workers provide for their families and keep the pay and benefits they earn. I am committed to achieving the goal of Good Jobs for Everyone while the administration focuses on our shared long-term goal of reducing the Federal deficit. I believe it is possible to do both and stand ready to work with you in the weeks and months ahead on a responsible way forward.

Mr. Chairman, thank you for inviting me today. I am happy to respond to any questions that you may have.

Senator HARKIN. Thank you very much, Madam Secretary.  
We'll start a round of 5-minute questions.

#### EMPLOYMENT OF PEOPLE WITH DISABILITIES

Madam Secretary, I know you share my deep concern about what happened in a situation in Iowa a couple of years ago. It was uncovered in April 2009. Again, for your benefit, and others, here's what happened. We found people with disabilities, 21 men, were working in a turkey processing plant. They had been employed by Henry's Turkey Service, out of Goldthwaite, Texas—shipped up to Iowa—and had been working in this turkey processing plant, some for as long as almost 20 years. They were living in an old bunkhouse, an old schoolhouse—106-year-old schoolhouse—where the boilers didn't work. It was cold. Cockroaches were everywhere. And these men were bused from there to the workplace and back again. They were making 41 cents an hour—subminimum wage—41 cents an hour. And they were working right next to people making \$12 an hour, doing the same job. I mean, it's not that they were picking up after them, they were doing the exact same work. And so, this was uncovered. It became quite a scandal.

I have since visited—now, those men have been taken out of there. I've since visited with some of those employees in Waterloo, but some went back to Texas. Some are still in Iowa, and they're

working. And they're working not at subminimum wage jobs, but at regular integrated employment. In fact, one even started his own business, which is a lawn care business in Waterloo.

WAGE HOUR DIVISION

Now, why do I raise this issue? I raise it because, from 2000 to 2008, the Wage and Hour Division lost 20 percent of its staff. John McKeon, Deputy Administrator of the Department of Labor's Wage and Hour Division, told me, before I held the hearing that we held on this subject in the HELP Committee, that there are many employers in the United States who pay less than the minimum wage and, "have never seen a Wage and Hour investigator." And that's sort of what happened in Iowa.

As I understand it, they were visited, years ago, and then, every year, all they have to do is just send in a piece of paper. They just send in a piece of paper saying that, "We're complying," and that's the end of it. The turkey place was called *Atalissa*—*Atalissa*. And so, we refer to it as the *Atalissa* case, which raises, in my mind, if that happens in Iowa, how many more *Atalissas* are there out there? And as you know, I am taking the opportunity in the HELP Committee and with the Workforce Investment Act, to take a look at this area of subminimum wage, and how people with disabilities are funneled into subminimum wage jobs. They're never given any training, never any upgrading of skills, never tested to see, can they do something else? Obviously, if these men were doing the same job as nondisabled people, they should have been paid the same rates. There should have been integrated employment.

So, I guess I just wanted to bring that to your mind and to your attention and just ask you, again, what actions your Department's taking to prevent this sort of situation from happening again, and to find out how many other places like this exist in our country?

Secretary SOLIS. Mr. Chairman, I also am appalled by this particular case. And I know the last time that I came before this subcommittee, I think you brought it up at that time, as well. Since that time, I'm happy to report that our Wage and Hour Division, because of the support that we received, we're able to bring back the enforcement capability that we lost in the last 10 years.

And what we have done, in this particular case, is to look at those individuals that are working with the 14(c) program, particularly identifying this population, and looking through a survey, a compliance survey, to see where we have gaps, where we have found problems. And I can tell you that I will make sure that you get the results of our survey that will be due to us in about 4 to 6 weeks.

And with that, I would say that we have made sure—and this one particular case that you're talking about—at the time, they were not certified under the 14(c) program, but we did have our Wage and Hour personnel take action, as well as our solicitor. That particular situation is being litigated in courts right now. And we're finding that there were some major, major violations of the Fair Labor Standards Act. And these individuals, I believe—

Senator HARKIN. Yeah.

Secretary SOLIS [continuing]. Will find justice.

And I would tell that we're going to continue to look at these kinds of abuses, because we know that if it happened there, it could very well be happening somewhere else. And we want to get to the bottom of that.

Senator HARKIN. I thank you for that. And I also—I just might say, they got initial summary judgment for \$1.76 million. But, then again, that doesn't—that helps, but that doesn't take care of the losses they've had in Social Security, for example, payments that they're going to need when they get older. And some are on the verge of retirement right now. So, thank you.

Secretary SOLIS. I'd be happy to work with you on that—

Senator HARKIN. I appreciate it.

Secretary SOLIS [continuing]. On strengthening—

Senator HARKIN. I appreciate it.

Secretary SOLIS [continuing]. This program.

Senator HARKIN. This case just shocks the conscience. Just shocks the conscience. Thank you very much, Madam Secretary.

Senator Shelby.

#### RECOVERY EFFORTS IN ALABAMA

Senator SHELBY. Thank you, Mr. Chairman.

Madam Secretary, last week, tornados devastated my home State of Alabama. It was the worst that we've experienced in my lifetime, and probably in most people's lifetime in the whole South. I toured the damage, last Friday, with the President. And we've had a number of Cabinet Secretaries who were down there Saturday and Sunday. I'm going back down there next week with the HUD Secretary, who's already been there.

Could you tell me what the Department of Labor is doing to assist the people of Alabama in their recovery efforts? I know you're doing some things. But, you know, we're facing dire circumstances.

Secretary SOLIS. Right. Senator, also I want to convey my condolences to the families there, as well as to the other States that are affected, and tell you that this is a constant reminder of my role at the Department of Labor, because we have a special funding that is made available. Fortunately, we have some funds for them. In fact, this morning, before I came to this hearing, I signed off on what we call the National Emergency Grant, the NEG, that will be going to Alabama, to those, I believe, 67 counties that are eligible, under FEMA—

Senator SHELBY. That's fine.

Secretary SOLIS [continuing]. To receive funding. The amount is for about \$10 million to help provide temporary jobs for those individuals, whether they work for private or public sector, if they've lost their homes. They'll be hired. They can help provide with cleanup. They'll also be able to help provide with any repair, renovation, reconstruction for low-income housing, as well as provide assistance for weatherization. And particularly, people that are eligible for other types of Federal aid, they will be able to help those individual households repair.

I know this is a small amount, given the catastrophe there. And I would imagine that the Governor and yourself will be working with my staff, my Assistant Secretary—

Senator SHELBY. Sure.

Secretary SOLIS [continuing]. Jane Oates, who was contacted very early on, and had our staff out in the field. In this tornado, unfortunately, we lost some State staff from——

Senator SHELBY. We did.

Secretary SOLIS [continuing]. Various WIA programs, that lost their homes and lost their lives, as well.

So, we know this is tragic. And I am also prepared, once we have more notification from the other States that have not yet completed their applications, to make a visit out there myself, as I did a year ago, when we heard about the BP oilspill. We have a necessity to be on top of safety and protection for workers, as well.

Thank you.

#### NATIONAL LABOR RELATIONS BOARD

Senator SHELBY. Well, thank you very much. And I know there are other States, including the State of Mississippi that Senator Cochran represents, that were affected here.

I want to turn to another area. On April 20 of this year, the acting General Counsel of the National Labor Relations Board issued a complaint against the Boeing Company, alleging that it violated Federal law by deciding to transfer a second airplane production line from a union facility in the State of Washington to a nonunion facility in the State of South Carolina. The complaint said this was discrimination. It's interesting that the National Labor Relations Board used the word "transfer," as its production line does not, and never did, exist in Washington State. I make this point because, if the production line never existed in Washington and was not planned or committed there, there were no jobs lost there.

Madam Secretary, I understand that the National Labor Relations Board is an independent agency. But, I'd like to hear your thoughts on the underlying issue here, that private U.S. business cannot freely open new facilities in right-to-work States without fear of retaliation by the U.S. Government and this administration. Is that the policy of this administration?

Secretary SOLIS. Senator, I would just say to you—and you just emphasized that—that this in an independent agency, the NLRB. And while they are currently going through their decision or—I can't really comment on what they are—on what the counsel there is——

Senator SHELBY. I know it's not directly under you. You have an opinion on it, or you'd just rather not——

Secretary SOLIS. No. No, I don't have, other than to tell you that this administration strongly supports the efforts of those that want to associate with unions and collectively bargain.

Senator SHELBY. And what if they don't want to associate with them?

Secretary SOLIS. They have those rights, as well.

Senator SHELBY. Do they support that, too?

Secretary SOLIS. I believe so.

Senator SHELBY. I hope so.

Secretary SOLIS. I believe so. Yes.

## JOB CORPS PROGRAM

Senator SHELBY. I want to get into the Job Corps, if I could, in my limited time. Job Corps is the Nation's largest vocationally focused education and training program for disadvantaged youths. For the year 2012, the administration included \$1.7 billion for Job Corps. I'm concerned about the lack of clear metrics within the Department for evaluating Job Corps. It's my understanding the Job Corps Program has not had a rigorous evaluation since the Mathematica administrative data study concluded in 2003, 8 years ago. And that study concluded that the program's cost exceed its benefits.

Further, according to a study published in the American Economic Review in 2008 entitled, "Does Job Corps Work?", Job Corps participants were less likely to earn high school diplomas, according to this study, and earned an average of only 22 cents more an hour than nonparticipants. The study even showed that the program had no effect on college attendance or completion.

These are disturbing statistics, given that the Federal Government spends an average of \$27,000 per Job Corps participant over a 9-month period. As we all know, for \$27,000, a person could earn their associate's degree or attend several years at a university somewhere in America.

Madam Secretary, what are your thoughts on the justification for spending \$1.7 billion on a workforce training program that has few, that I see, published results, and clear problems with management of taxpayer funds? What's your defense of that?

Secretary SOLIS. Senator, first of all, I'd like to tell you that I am a strong believer of the Job Corps Program. And since I have been in charge of the program in the last 2 years, we have made, I think, some tremendous strides in trying to make sure that we do provide the metrics and evaluation. And I would tell you that, yes, that last review that you talk about that was done in 2001, it's unfortunate that, in the past 10 years, or so, that there wasn't a closer look at what the metrics are.

But, I would tell you that what we are doing now is instituting more evaluation from within our own program. And I would tell you that, in program year 2009 through June 2010, 20,000 students attained high school diplomas in—and their general equivalency diploma (GED), 30,000 students completed career and technical training in 11 high-growth areas.

Senator SHELBY. What's the percentage of that? That's good, but—

Secretary SOLIS. Seventy-six percent of—in 2009, were—graduates were placed in employment, or some chose to go in the military.

Senator SHELBY. Okay.

Secretary SOLIS. So, we are doing a better job. But, I realize that one of the goals that we have to look at here is, What career are these folks going into?—not just a job, not just a part time, or not just a minimum wage job, but also a career. So, we've instituted, I think, a whole platform to have them look at renewable energy—green jobs. We can transition from construction into a new hybrid technological area.

And it's hard, because these students are the ones that—our society, or maybe their families, have failed them. And I would tell you that, in many instances—and I know Senator Cochran might agree—that these students—young people—not all of them are young, some of them are 21, 24 years old—have stepped up, in many ways, when there's disasters. When Katrina happened, I know some of them were out there helping to rebuild homes—

Senator SHELBY. Yeah.

Secretary SOLIS [continuing]. For even people who were less fortunate than themselves. And I look to these students as our future leaders, many who have transformed their lives, many who have served—even in my own office, have come and have shared their talent and skills with us. And I think that, in many cases, it's a well-kept secret. Yes, we could make improvement with Job Corps. But, we should not somehow push aside the enormous resource that we have with these young people. We only have 124 centers. And, at best, there hasn't been sufficient funding to help make them more effective and more, how could I say, directed toward those good careers that we all know that they can be a part of.

Senator SHELBY. Well, I want to—I'm not proposing we abolish Job Corps. I'm thinking, in trying to work with you and Senator Cochran and others, to improve it. Because, I know it does do some good. And I know, for a lot of people, it's their last hope. But, we can always improve it.

Secretary SOLIS. Absolutely.

Senator SHELBY. I hope you're committed to that.

Secretary SOLIS. I am. I am, sir. And I would love to be able to visit with you—

Senator SHELBY. Absolutely.

Secretary SOLIS [continuing]. And one of our Jobs Corps centers—

Senator SHELBY. Thank you.

Secretary SOLIS [continuing]. So that we can look at those things together.

Senator SHELBY. Thank you, Mr. Chairman.

Secretary SOLIS. Thank you.

Senator HARKIN. Thanks, Senator Shelby.

Senator Cochran.

Senator COCHRAN. Mr. Chairman, thank you.

Madam Secretary, welcome to our subcommittee. We appreciate your being here to discuss the budget request for the programs under the jurisdiction of your Department.

#### JOB CORPS CENTER, GULFPORT, MISSISSIPPI

Mentioning the Job Corps center reminds me that, in Hurricane Katrina, we had a devastating hurricane, as you recall, and everybody does, that struck the gulf coast area of the country. And our Job Corps center in Gulfport, Mississippi, was totally destroyed. And so, we had a lot of displaced people who had been working there and living there. Progress has been made, but I wonder whether or not you can give us some idea about when the construction, or reconstruction, of that center might be completed. We had heard 2012. Now we're hearing it might be delayed well over into

2013 or 2014. What is the latest information you can provide the subcommittee with on that subject?

Secretary SOLIS. Yes, thank you, Senator Cochran. I would just say that, at the Gulfport center, students, as you know, have already been enrolled. So, we have about one-half the number of students that we could handle there. That's about, I believe, 145 that are currently there and enrolled. We know that we have to continue to build out the rest of the facility, which is going to take us some time. We believe that we're making progress on the permanent construction. That's what you're talking about. And I can see—possibly by mid-August of this year, we should be able to see that permanent dormitory established there that I know you're concerned about. The rest of the center, the design will probably be complete in another 2 years—2 to 3 years, unfortunately. But, it remains a focus of what our efforts are there. And believe me, I will keep you up to date, and my staff will. And I'm just excited that we're able to serve with those 145 students that are currently on campus.

Senator COCHRAN. We appreciate your personal attention to that and the leadership that the Department is providing to get that back into operation as soon as possible. Thank you.

#### YOUTHBUILD PROGRAM

There's another program, that I was curious about your assessment of it, called "YouthBuild." And it's targeted to younger workers. It's a training program but a workforce development program all at the same time. It gives high-risk youth opportunities to develop occupational skills with vocational training as they work. Could you tell us what the program is achieving, if it's working? Do we continue to support it under your budget request?

Secretary SOLIS. Thank you, Senator Cochran. I am delighted that, through the YouthBuild Program, and especially the funding that we received in the last two cycles, have been able to help us focus better on providing better certificates and measurements for student success. And one of the highlights, I think, of our effort has been to really infuse technology. So, whether it's healthcare, IT, or whether it's renewable energy, changing the focus, in some ways, from construction to renewable energies. And I've actually been able to see this on the ground, where young men and women—and I'm delighted to say "women"—are getting enrolled in these programs and really learning the crafts, the crafts that will help provide them with better training, better skills, and giving them a job. And most students that enroll in the program are tied in, typically with either an apprenticeship program, in some cases, and in some cases, with a business developer in construction, that will hire those individuals up as rapidly as they're trained.

So, I would say to you that the program—actually, I would love to see it expanded, because I think it is well worth our investment there. And I know that many people, again, that come into that program sometimes are the hardest ones to serve, because they may not have completed their high school education. Some may not be as motivated as others. And once they find collegiality amongst their other peers, they then become competitive with themselves. And I've seen them develop leadership skills and actually work in



new industries that are actually going to help to bring back our economy, especially when it comes to conservation and restructuring and retrofitting of some of our aged housing and commercial buildings. I see a lot of them that are very enthusiastic about the program.

Senator COCHRAN. Thank you. I'm also advised there's other good news from my State. One program, in particular, the on-the-job training provided under the Workforce Investment Act, has been particularly successful in Mississippi. And I wanted to pass that assessment from my staff on to you, and thank you for the leadership on that.

OFFICE OF DISABILITY EMPLOYMENT POLICY

And Disability Employment Service is another area where I think the Department is making important contributions. That's a well coordinated effort, I'm told, providing those with disabilities rehabilitation services, encouraging them, monitoring their progress. Some of the highest rates of rehabilitation in the country, at over 70 percent, are being observed under that program. It's the Disability Employment Initiative.

Secretary SOLIS. Yes.

Senator COCHRAN. And I thank you for your leadership in that area, as well. Are you familiar with those reports?

Secretary SOLIS. Yes, I am. Yes, I am. And I want to thank the chairman and this subcommittee for supporting the funding for that program. And it continues, I think, to be something that really is refreshing, because it helps to shine a light on the fact that the disabled community has been underrated. In fact, what we're finding, from our own assessments, is that they tend to perform better in the workplace. And we are losing out, as a country, if we don't utilize the skills and talents that they have.

So, we know that good models exist in Iowa and other States, and we want to continue to build that out. Under the leadership of my Director for ODEP, Kathy Martinez, she has been tremendous. You know, she is—I call her one my Charlie's Angels, who's been out there, really helping to fight, and really parlay the importance of providing the disabled community with the tools that they need. They're not asking for a handout. They're asking for a hand up, an ability to be able to work in different employment situations. And when we find employers that are willing to do that, they are going to make those businesses shine. And we've seen it already evidence. And I'm very delighted that, through the leadership of this chairman, that we're looking at expanding this effort, also, to include our one stops. So, there are one-stop centers. We have 3,000 of them. We'll also start looking at how we can better serve that population and address their issues, up front.

Senator COCHRAN. Thank you.

Thanks, Mr. Chairman.

Senator HARKIN. Thanks.

Senator Brown.

Senator BROWN. Yeah. Thanks, Mr. Chairman.

Welcome, Madam Secretary.

## AFRICAN-AMERICAN UNEMPLOYMENT

Talk to me about African-American unemployment. African-American unemployment is 16 percent—official unemployment. We know it's higher than that, almost twice the white unemployment rate of 8.7 percent. What is DOL doing specifically to address the endemic, long-term very serious problem of black unemployment?

Secretary SOLIS. It's a very serious problem, Senator. And I know it's one that we care a lot about.

I recently visited Ohio and several States there, and met with several faith-based leaders to talk about how we can begin, in a better way, to target our funding and our proposals. One thing I will tell you is that we, under the ARRA Program, were able to target about \$150 million in career pathways out of poverty, targeting communities that have unemployment rates above, say, 50 percent. Those went into particular communities of color. We continue to also provide reintegration programs for ex-offenders. It's something very important. And with our YouthBuild Program and our Job Corps Program, I think it's safe to say that about 40 percent to 60 percent are African-American.

We need to do more, obviously. And we do need to have assistance, in terms of providing them with the job training opportunities that will put them into good careers that won't just lead to a paycheck, but a career. And I think that's what we're trying to do in some of our new rollout of programs.

We just announced, for example, in the H1B Program, through fees that we received, \$240 million in grants that will go out to help dislocated workers, but also working with industry to help provide new technical training to their current incumbent workers, hopefully open up that slot to allow for a dislocated worker. Hopefully, it will be those in those communities most distressed. So, that is going to be our focus for that particular program.

But, we continue to work with our community colleges, our workforce investment boards, and with the faith-based community to see how we can better improve the status of African-Americans.

But, again, one of the things I have to tell you—and you know this better than I—is that one of the things we have to do is aspire for higher education. That's why the President has talked a lot about providing opportunities for Pell grants, for assistance, for financial aid, so that individuals can receive a community college degree and hopefully get better training, because it is a more competitive workforce.

## 2012 BUDGET RESOLUTION PASSED BY HOUSE

Senator BROWN. Thank you. You mentioned Federal job training programs, WIA, and other things. The—I'm concerned, with the 2012 budget resolution that passed the House, the consolidation of multiple programs serving a range of populations—minorities, veterans, individuals with disabilities, dislocated workers, at-risk youth—into a single, one-size-fits-all voucher program, and squeezing those programs to the point of tens of billions of dollars, over the next 10 years. Does the administration share the view approved by the House, that now is the time to significantly reduce investments in workforce training? Is that something that you op-

pose? Would you talk to us about, you know, sort of a critique of that, and what direction you think we should go in, if you disagree?

Secretary SOLIS. Well, Senator, as you know, the President and the debate right now is about working within our means. And that obviously is something that we do take serious. And we did take that step in this budget.

And I would say to you that we have attempted to keep the integrity of our programs in place. As the President said, we don't want to hurt the innovation, the ability to not be able to compete, and the fact that we have to keep our vulnerable communities front and center.

So, I would say to you that my personal commitment is to try to keep the integrity of these programs in place. I realize, as a former member, like yourself, that we don't have the luxury of being able to cut back on these very vital programs that help provide people the ability to get back to work. There are so many people that are, how could I say, feeling let down, that they don't have an opportunity to get a job right away. And those are the very folks that we have to keep in place. Those are the very folks that we have to make sure that they receive training, that they go to our one-stop centers and they keep engaged. Because, the farther they are away from that ability, an employer, chances are, will not want to hire them up. And we've seen that evidenced already in the workplace, where actually employers are saying, if someone's been out of work more than 6 months or 1 year, they may not be the first person that they're going to look at, in terms of their résumé. So, I'm very concerned about this.

Senator BROWN. My last—thank you—my last question, Mr. Chair.

#### EXPANSION OF TRADE ADJUSTMENT ASSISTANCE

Madam Secretary, the administration did something very important, many things very important, in the Recovery Act. Specifically what I want to talk about, just for a moment, is the expansion of trade adjustment assistance to expand it, not just to the service industry, but to—I mean, not just to manufacturing, but service and those job layoffs and retraining in—where not only—not exclusively with countries with whom we had a free trade agreement. That—you know, we were able—it was in effect til the end of December of this past year; we were able to get a 6-week extension with—you know, the—late in December, as you know. And you helped us with that. But, this—the expanded TAA eligibility lapse for service workers and workers who lost their jobs in—as a result of—

Secretary SOLIS. Right.

Senator BROWN [continuing]. Of job loss in countries with whom we didn't have a free trade agreement, that—so, what's the Department doing? Is the Department, now that that's lapsed—I—number one, I'd like the administration to take a stronger position on TAA. You know, some people have called TAA “funeral expenses” for these trade agreements, frankly. But, at least TAA is something. And now we don't even have TAA for these workers that have lost their jobs because of trade agreements that were wrong-headed. I remember your work in the House against some of them—CAFTA and some others. What—is the administration going to speak more

forcibly—forcefully on the extending of TAA and extending of the health credit—the HCTC, health care tax credit? And what are you doing, in terms of processing these applications, when the program—the expansion of the program is expired on TAA?

Secretary SOLIS. Well, Senator, we are very concerned that there was not a decision to extend the TAA Program. And it is of great concern. And it is affecting many dislocated workers at this time. And I do believe that the program is worthy of being reinstated, because I know it does make a difference, especially for people from the Midwest, in your case, your State, and other places where we've seen industries leave our country and go to other places, where it has made a difference to help provide as a safety net for people to transition into new jobs. I saw it happening, time and time again, these last 2 years, especially in the automobile industry. We saw a lot of dislocated workers that received this assistance and were able to make the transition quickly to get higher skills or healthcare coverage and be able to make that transition.

And as you know, that story, I think, is a good story, especially with the automobile recovery, where we've seen that now GM, Chrysler, and those folks have been able to put back some lines of assembly and also put people back, and they've paid back their loans.

But, TAA is very important. That discussion has to go on. I understand there are individuals that still have questions about it and are trying to tie that in with other trade agreements. I would hope that the—that this body would do the right thing and extend it on its own, if possible. But again, that is not something that I can determine.

Senator BROWN. Well, but we—

Secretary SOLIS. But, I wholeheartedly support it.

Senator BROWN. Thank you. But, we need the administration to speak much more forcefully than they have on the importance of TAA. You weren't absent, as an administration—and I know your personal feelings on this—you weren't absent, last December, on this, but you weren't nearly as vocal as an administration that stands for workers and stands for retraining and stands for an industrial moving forward that we have not done so well, in the last few years, on. So, that's a plea to you.

Thank you, Madam Secretary.

Senator HARKIN. Thank you very much, Senator Brown.

Senator Shelby.

Senator SHELBY. Mr. Chairman, I have a couple of questions, and then I have a number for the record. If I can ask the rest of them, after I ask these two, for the record, I'd appreciate it very much.

#### GAO REPORT

Madam Secretary, I want to go back into some of the GAO reports. In January, the GAO released a report on multiple employment and training programs, and the report stated, and I'll quote, "Little is known about the effectiveness of the employment and training programs we identified because only five reported demonstrating whether outcomes can be attributed to the program through an impact study, and about one-half of all the programs

have not had a performance review since 2004.” That was the GAO.

Despite unemployment being at 8.8 percent, officially, the Department of Labor, it’s my understanding, has not taken action to address its ineffective programs. In fact, based on the GAO survey of Department of Labor officials, only 5 of 47 programs have studies that assess whether the program is improving employment outcomes.

Madam Secretary, how do you respond to these troubling issues identified in the GAO report? And, if you want to, you can answer that for the record.

Secretary SOLIS. Thank you, Senator. I would just say to you, as I mentioned earlier, that the report that was—that you’re citing was done in the previous administration, was supposed to be completed, I believe, at that time. That’s why I signed a contract so that we could continue to do our own evaluation and have that done, which began in 2009.

[The information follows:]

#### DEPARTMENT OF LABOR’S PERFORMANCE MEASURES

Nearly all of the Department of Labor’s two dozen employment and training programs include strong accountability features and performance metrics on employment, retention and earnings measures. We are strengthening our accountability further, as demonstrated by the Departmental 2011–2016 strategic plan, which places an increased focus on performance-based management. Performance measures are being reassessed for consistency across programs throughout the workforce system to promote better outcomes for individuals of all skill and need levels, particularly those who are not yet ready and able to move quickly into a good job. We believe that workers and employers should have ease of access to information about past participants’ outcomes, to make informed decisions about which programs are most likely to meet their needs.

In addition to the annual employment and training performance reviews conducted at the Federal, State, local and training provider levels, the Department has been working diligently over the past 2 years to restore the rigor of our evaluation studies. Specifically, I established the Chief Evaluation Office (CEO), which was staffed in May 2010. The purpose of this office is to coordinate the Department’s research and evaluation agenda in order to increase its capacity to conduct high quality, rigorous evaluations.

Further, the GAO has noted in a recent March 2011 report the marked improvement in the dissemination of research reports by the Employment and Training Administration under my leadership at the Department of Labor. The GAO noted that, “The 34 research reports published by ETA in 2008 took, on average, 804 days from the time the report was submitted to ETA until the time it was posted to ETA’s research database. By contrast, from 2009 through the first quarter of 2010, the average time between submission and public release was 76 days, which represents a more than 90 percent improvement in dissemination time compared with 2008.”<sup>1</sup>

Also, since 2009, approximately half the evaluations the Employment and Training Administration (ETA) has funded have been rigorous, random assignment impact evaluations. These include the Workforce Investment Act (WIA) Gold Standard Evaluation of the Adult and Dislocated Worker Programs (WGSE), the YouthBuild Impact Evaluation, the Reintegrating of Ex-Offenders Random Assignment Evaluation, the Impact Evaluation of Green Jobs, Health Care and High Growth Training Grants and the Transitional Jobs Impact Evaluation, all of which will examine net impacts on employment, retention and earnings, and include benefit-cost analyses. ETA was able to fund these evaluations through an increase in fiscal year 2010 appropriations and the large one-time infusion of funds made available to the Department through the American Recovery and Reinvestment Act of 2009.

While rigorous random assignment impact studies, such as the WGSE, provide the most credible information on program effectiveness, these are also highly re-

<sup>1</sup> U.S. Government Accountability Office, “Employment and Training Administration: More Actions Needed to Improve Transparency and Accountability of Its Research Program,” March 2011, p. 26.

source intensive and take a range of 3 to 7 years to implement and complete. Mindful of the statutory responsibility for evaluation, and to address the knowledge gap until the WGSE results are available, in 2009 the ETA released the results of a quasi-experimental net impact evaluation of the WIA Adult and Dislocated Worker programs.<sup>2</sup> This study uses the next-best methodology when random assignment is not available. This evaluation found positive long-term earnings impact for both programs, though the impacts were more substantial for the Adult program than for Dislocated Workers. ETA plans to publish interim findings of the WGSE in 2013, and the final report will be available in 2016, although this schedule is dependent upon continued appropriations for the evaluation of WIA programs.

Secretary SOLIS. The results of that study—

Senator SHELBY. Is this ongoing?

Secretary SOLIS. Yes. And that will become available in 2013. It does take time, because—

Senator SHELBY. It does.

Secretary SOLIS [continuing]. You're looking at different factors. But, nevertheless, since I've been here, we have begun this evaluation.

Senator SHELBY. Have you seen some of the preliminary work?

Secretary SOLIS. Not necessarily—

Senator SHELBY. Not yet?

Secretary SOLIS. No. But, as I said earlier, that some of the results that we have seen from our own evaluation, our in-house, shows that during the program year June 2009 to June 2010, 76 percent of our workers exiting the WIA dislocated program, and 69 percent of the workers exiting the adult worker training, found a job within 3 months. And after that—and that—and I think those are good statistics—

Senator SHELBY. That's good.

Secretary SOLIS [continuing]. Considering a bad economy, when you're finding four—

Senator SHELBY. It's tough.

Secretary SOLIS [continuing]. To five people are competing for one—

Senator SHELBY. It's tough out there with skills, right now.

Secretary SOLIS. Yes.

Senator SHELBY. We understand that. But, my interest is probably—coincides with yours, that we want these programs to work. And we have to measure them. And if they don't work, we figure out something that will work. Because, the end game is to get people back to in the employment. Is that right?

Secretary SOLIS. Yes. And, Senator, I would say that one of the things that we need to focus on is reauthorizing WIA, because that's really going to help us. What I've heard, time and time again, is that this is an old system that has to be restructured. It has to look at new segments, regional issues, and really look from the bottom up, not from the top down.

Senator SHELBY. I think we know somebody that deals with authorization close to us today.

#### TRANSITION ASSISTANCE PROGRAM

If I could, I'd like to get into another program, the Transition Assistance Program. The unemployment rate for veterans of the wars

<sup>2</sup>The Workforce Investment Act Non-Experimental Net Impact Evaluation: Final Report may be found at ETA's Research Publication Database Web site.

in Iraq and Afghanistan rose to 15.2 percent in January 2011 which is well above the official national rate of 8.8 percent. This is the highest rate recorded since the Bureau of Labor Statistics began tracking this data in 2006. And these are our veterans, recent veterans.

Madam Secretary, are we doing all we can to assist our veterans, particularly as they attend the Transition Assistance Program classes prior to discharge from the military service? It's my understanding that the Transition Assistance Program, which the Labor Department administers for the Department of Defense, was recently revised; its first substantive revision since the first Gulf war. Is there data or any information yet on whether the revised program is actually helping veterans find jobs, particularly 21st century jobs that will sustain them—in information technology, health-related professions, and the energy industry—jobs that are meaningful?

I believe we owe our veterans a lot. And I'm sure you'd share this.

Secretary SOLIS. I couldn't agree with you more, Senator. And, as a former House member, this was one area—while I didn't sit on that committee—I was very concerned with the training and the TAP program. That's why I asked my Assistant Secretary, Ray Jefferson, who runs that division, to take a keen look at what was going on there. And what we found was that, yes, there hadn't been evaluations. There weren't any metrics to really identify the people that went through the process, if they really found employment.

We're doing a better job. We're investing money. We have a whole evaluation and a request for proposal to look at how we can improve the program. We have new partners. And I'm happy to report that we even have engaged outside entities like the U.S. Chamber of Commerce, who has agreed to help us identify opportunities for employment, something that should have happened 10 years ago. This program was neglected for the last 8 years. I admit that. I wasn't here—

Senator SHELBY. I know you weren't.

Secretary SOLIS [continuing]. For all that time. But, I can tell you that one of the concerns that this administration has is making sure that we don't just help that soldier, male or female, but we also help the family. Because, the family can also help provide assistance—

Senator SHELBY. Absolutely.

Secretary SOLIS [continuing]. If they're given the right tools and information. Training, especially for wounded warriors—very important. I've seen some tremendous programs that have come out of efforts, that identify good careers. For example, helmets to hardhats, where actually an individual can go in through a training and apprenticeship program, and then, after they leave and are discharged, can actually continue in that program in their State, and then be hired up almost immediately, making a six-figure salary. And that, to me, is something that we ought to be expanding and looking more at.

I'm looking forward to working with the Department of Defense (DOD)—and we have, with the Veterans Administration (VA)—to

improve upon these services. This couldn't be one of the most, if not one of the most important areas that I often look at.

#### WOMEN VETS

And I'm particularly concerned about returning women vets. We've had a number of women, young women who've gone in, who are also faced with a lot of challenges, one that isn't easily identified when they come back home. Many have been through different posttraumatic stress and also need our help. Many are not apt to identify, in many cases, that they are veterans, as well. Because, when you find them, in some cases, homeless or in a shelter, they won't say that they were a vet, because they feel ashamed. And we have to remedy that. And we have to let everyone know that—

Senator SHELBY. They should be proud.

Secretary SOLIS [continuing]. They're needed, that they're needed.

Senator SHELBY. They should be proud of what they've done. And you're absolutely right that if we can get them back in the workforce, it will help them readjust to civilian life, because they've gone through a heck of a lot.

Secretary SOLIS. Absolutely.

Senator SHELBY. Thank you, Mr. Chairman.

Senator HARKIN. Thank you, Senator Shelby.

#### JOB CORPS EVALUATION

Madam Secretary, I don't have any other questions, just, again, a follow up on what Senator Cochran talked about earlier. You had an exchange with him on the Job Corps, I believe. And I think Senator Shelby asked a question about the efficiency and effectiveness of Job Corps. Yes, it does cost \$27,000 per person. But, let me give you one example of a young woman that I know that was in our Job Corps center in Dennison, Iowa.

Our Job Corps center in Dennison, Iowa, was the first in the Nation, by the way—oh, this has been 20-some years ago—that actually added a facility whereby young single mothers could come and bring one or two children with them, and be housed there in a safe environment. They have a Head Start program right there for these kids, plus the healthcare benefits and things like that, that accrue to them.

You take a young single mother who dropped out of high school when she was about a sophomore, had some unfortunate things happen to her, is now 18, 19 years old, two children and no hope, no family, no structure, and headed toward a life of drugs and crime. She gets sent to the Job Corps center. Her kids have a great place to stay. They're in a Head Start program and she's in a program where she's going to get her GED, and then she's being trained for a career. She sees a future ahead of her now. She has all the hope and all of the kind of internal support mechanisms she needs to go out there and do something.

Does that cost \$27,000 a year? You bet it does. But, the cost to society of not doing that, I submit to you, will be 10, 20, 30 times that much—the cost to society—if we don't do that.



## RETURN ON INVESTMENT

So, I know Job Corps. You look at it and you wonder about the rate of return on investment, as they say, and things like that. But, I don't mind an indepth look. I think we should have it evaluated. I agree with you on that. If there's places that can be tightened up, it should be done. But, in certain cases, this is just going to be—it's not a quick fix. Some of these young people are just not a quick fix. And it takes some time.

But, it's been my experience, with the Job Corps centers over the last 30 years, as a Congressman before this, that sure, there are obviously those that don't make it. There are those that drop out, and don't make it. But, I would say, the success rate that I have been able to see has been tremendous. And what they do in the local community and the local businesses and the synergism, the inner workings with these kids and young people in the Job Corps centers with the local business community, and how they work things out, it's just been for a rural area, it's been quite a thing to see.

So, I just—again, count me as a great supporter of Job Corps. I don't want to turn a blind eye to things that need to be done to make it more effective. And I hope we can work together, and work in a bipartisan—

Senator SHELBY. Absolutely.

Senator HARKIN [continuing]. Fashion to do that.

Senator SHELBY. We want the end result, don't we?

Senator HARKIN. And we want the end result. Exactly right. Exactly right.

So, Madam Chairman, thank—or, Madam Secretary, thank you.

Secretary SOLIS. Thank you both. Thank you. I thank the subcommittee.

And I do want to work with you on evaluation. I think that, yes, we are in hard budget times. We realize that. But, I think, again, if we can preserve the quality of the intent of these services, and help those people that really deserve the help, I think—

Senator HARKIN. Yeah.

Secretary SOLIS [continuing]. We're on the same page.

Senator HARKIN. I'll just add one other thing to my good friend—and he is a great friend of mine—Senator Shelby—is that we are working on WIA. We've been working on it for a long time, even before I was chairman. And hopefully, we're going to have a bill this year.

Secretary SOLIS. Good.

Senator SHELBY. If I could, Mr. Chairman, I just want to reemphasize that we all—Senator Harkin was relating some examples of where Job Corps really works with people and everything—that's what we all want. We want to help these people, because if we don't help them, as he's pointed out, they will be—a lot of them will be in trouble. They will be on welfare for most of their life, if not in prison. I won't say everybody, but so many of them. And this is a chance to help them. We just want to make sure that the programs are working. Let's pump them up. If they're not working, let's find out why they're not working.

Secretary SOLIS. Right.

Senator SHELBY. Because, the need for people—and the help is going to be there—we just want the program to work.

Senator HARKIN. Absolutely.

Secretary SOLIS. Thank you.

Senator SHELBY. Okay.

Senator HARKIN. Amen.

#### ADDITIONAL COMMITTEE QUESTIONS

Secretary SOLIS. Thank you both. Thank you. It's a pleasure. Thank you.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

#### QUESTIONS SUBMITTED BY SENATOR TOM HARKIN

##### EMPLOYEE BENEFITS SECURITY ADMINISTRATION

*Question.* Since fiscal year 2009, the Employee Benefits Security Administration has created efficiencies in its programs, eliminated lower-priority spending and realized other cost savings. What additional steps will EBSA complete in fiscal year 2011? What is proposed in the fiscal year 2012 budget request?

*Answer.* Our new paperless participant complaint intake system is scheduled to become fully operational by the end of fiscal year 2011. Currently 92 percent of inquiries and complaints handled by our Benefit Advisors (BAs) are received by phone. We will encourage the use of our new electronic intake process which will be more efficient for the BAs and will be more user friendly for the public. When the paperless system is operational, all participant inquiries/complaints regardless of how they are received will be managed electronically. Currently, participants can submit inquiries electronically; however, the submission does not auto-populate the inquiry database and make assignments to the appropriate office for handling. The new system will more efficiently direct electronic inquiries to a Benefit Advisor in the appropriate office and transmit the response for electronic approval and clearance. The system will provide basic contact information for the participant and the subject of the inquiry/complaint that will auto-populate our tracking system. The new paperless system will include standard language paragraphs to be used in correspondence when responding to all types of participant inquiries and will include an e-mail wizard that will allow us to more efficiently contact the participants and plan sponsors to resolve complaints. This will substantially improve the efficiency of the overall Participant Assistance Program.

By the end of fiscal year 2011, EBSA will have implemented a new call management system and web-based reporting tool throughout its regional offices. This system helps EBSA to achieve performance measure targets through more efficient workload management. Also, it allows EBSA to handle more live calls, reduces hold times and dropped calls, and provides managers with real time performance data in order to adjust duty roster schedules. Answering calls live ensures contact with the participant and is more efficient by eliminating call-backs, voice mail messages, and customer service complaints to Congressional offices, DOL managers and other officials.

The EBSA reporting compliance program is continuing to adapt to the new EFAST2, wholly electronic, Form 5500 processing system which became operational in fiscal year 2010. The new EFAST2 makes Form 5500 data available faster—within 24 hours of a filing being made. Consequently, EBSA is able to analyze and review data on a “real time” basis and then apply a customized approach in targeting filings with significant errors.

*Question.* What will the Employee Benefits Security Administration achieve in terms of workload and performance in fiscal year 2011?

*Answer.* The fiscal year 2011 information and data provided in the fiscal year 2012 congressional budget justification was based on an annualized continuing resolution at fiscal year 2010 enacted appropriations. While the final fiscal year 2011 appropriation approximated these funding levels, the delay in appropriations creates challenges in achieving workload and performance goals. At this point, we expect the performance for the Employee Benefits Security Administration (EBSA) to differ from the fiscal year 2011 information in the fiscal year 2012 congressional budget justification as follows:

| Workload measure                     | Original fiscal year 2011 workload in fiscal year 2012 CBJ | Fiscal year 2011 revised | Difference |
|--------------------------------------|--|--------------------------|------------|
| Civil Investigations Processed ..... | 3,282  | 2,900                    | - 382      |
| Criminal Cases Processed .....       | 247  | 200                      | - 47       |
| Participant Inquiries (Field) .....  | 246,000  | 233,000                  | - 13,000   |
| Participant Inquiries (NO) .....     | 10,000   | 12,000                   | + 2,000    |
| Indictments .....                    | 84   | 82                       | - 2        |
| Compliance Seminars .....            | 10   | 6                        | - 4        |
| Regulatory Projects .....            | 237  | 250                      | + 13       |
| Individual Exemptions .....          | 122  | 130                      | + 8        |
| Section 502(l) Waivers .....         | 15   | 6                        | - 9        |
| Exemption Processing Time .....      | 301  | 430                      | + 129      |

All remaining fiscal year 2011 workload estimates remain as presented in the fiscal year 2012 CBJ.

*Question.* The Department has proposed a new regulation defining “fiduciary” under the Employee Retirement Income Security Act of 1974. What benefits would the proposed regulation have for employers—especially small employers—that sponsor retirement plans?

*Answer.* Investment advisers have assumed an increasingly important role in helping employers, especially small employers, choose an appropriate menu of investments choices for 401(k) plans and in advising employees and IRA holders on how to allocate their individual account balances. Although ERISA specifically provides that investment advisers may be fiduciaries, and employers and employees often rely heavily on their advice, advisers often have no accountability for their recommendations because the Department’s current regulation stipulates a five-part test which makes it easy for these advisers to avoid fiduciary status.

The Department’s proposal would address this problem by providing that those who purport to give impartial investment advice for a fee will be held to ERISA’s fiduciary standards of prudence and loyalty, and preventing them from using compensation arrangements that conflict with these duties. Small business owners, in particular, are often not equipped to make plan investment decisions on their own. In selecting appropriate plan investments and investment options for their employees, small businesses depend on impartial expert advice. The Department’s proposed regulation will give these employers recourse against advisers who fail to uphold the standards of a plan fiduciary.

#### WAGE AND HOUR DIVISION (WHD)

*Question.* The fiscal year 2012 budget identifies savings related to the operation of a toll-free employer compliance assistance call center. Please describe how this proposal will achieve the identified savings with at least the same level of services currently provided.

What steps will WHD complete in fiscal year 2011 that create efficiencies and realize other cost savings?

*Answer.* In order to improve the ability to provide timely and accurate customer service at each of the more than 200 offices nationwide, the Wage and Hour Division (WHD) is in the process of implementing a telephone system with automated call distribution and integrated voice response technology. Once all new hardware and software are fully deployed in fiscal year 2011, WHD will be better able to route calls for more efficient transfers and referrals, manage staffing needs to be more responsive to callers, record and monitor calls for quality and training purposes, and collect and analyze telephone usage statistics.

With the full implementation of the new computer telephony system, WHD will be able to provide better and timelier service to the public, and at lower cost than it did with the call center.

*Question.* What additional cost savings are proposed in the fiscal year 2012 budget request?

*Answer.* The fiscal year 2012 budget request indicates program decreases for Employment Compliance Assistance and the Call Center of \$2,290,000 and 12 FTE. Over the last 2 years WHD has hired additional in-house technicians who can answer calls more effectively and accurately and as noted above, WHD is already in the process of upgrading its own telephone infrastructure in order to improve the ability to provide timely and accurate customer service at each of the more than 200 offices nationwide.

*Question.* What will the WHD achieve in terms of workload and performance in fiscal year 2011?

*Answer.* The fiscal year 2011 information and data provided in the fiscal year 2012 congressional budget justification was based on an annualized continuing resolution at fiscal year 2010 enacted appropriations. At this point, we expect the performance for the Wage and Hour Division (WHD) to be consistent with the fiscal year 2011 information in the fiscal year 2012 congressional budget justification.

With the additional investigative resources added to the agency over the past 2 years, the WHD expects an increase in the number of compliance actions that it is able to complete in a fiscal year. For example, WHD estimated a 20 percent increase in the number of concluded compliance actions for fiscal year 2011, or approximately 5,400 additional cases above the 26,500 completed in fiscal year 2010. The newly hired investigators have now completed much of their basic training requirements, and as a result, are contributing to the agency's investigation production numbers.

WHD also expects to see an increase in the number of directed investigations that it completes in fiscal year 2011—particularly in high risk industries, i.e., those industries with high minimum wage and overtime violations and among vulnerable worker populations where complaints are not common. WHD's fiscal year 2011 directed investigations are being concentrated in the agricultural, construction, and hotel/motel industries and in specific program areas. The program areas include the FLSA Section 14(c) program in which employers are certified to employ disabled workers at wages below the Federal minimum wage and the Davis-Bacon and related Acts and Service Contract Act government contract programs. WHD offices are also conducting directed investigations in industries in which young workers are employed and at risk of injury. In fiscal year 2011, WHD will complete a pilot study related to H-2B compliance in the resort segment of the hotel/motel industry. The agency will also examine compliance in the residential construction sector.

Finally, WHD has revised its Davis-Bacon wage survey processes to improve the quality and timeliness of wage determinations published by the agency. WHD, for example, is now utilizing State prevailing wage determinations as the basis for issuing more current highway wage rates. This change, coupled with improvements to the survey process, has positioned the agency to complete during fiscal year 2011 all 26 surveys that were initiated in 2010.

*Question.* According to the preliminary results from the WHD's 2010 review of the authority established under 14(c) of the Fair Labor Standards Act, 23 percent of Section 14(c) certificate holders were found in compliance with only 57 percent of consumers paid in compliance with this section of the law. What specific steps will WHD take in fiscal year 2011 and under the fiscal year 2012 budget request to improve these unacceptably low compliance rates?

*Answer.* We agree that the 2010 evaluation of employer compliance with Section 14(c) of the Fair Labor Standards Act produced disappointing results. In response to the evaluation findings, WHD conducted investigation-based evaluations of a randomly selected sample of 154 community rehabilitation programs (CRPs) that were certified to employ individuals with disabilities at less than the minimum wage. The agency conducted full investigations of randomly selected CRPs from three employer groups: all certified CRPs, CRPs with prior violations, and CRPs that had conducted a self audit as part of the certification process.

In the baseline evaluation, 65 percent of the cases, which represent approximately 3 percent of the nationwide population of community rehabilitation programs (CRP), were randomly selected for investigation. Twenty-three percent of the investigated CRP's were in compliance with all laws enforced by Wage and Hour for both Section 14(c) workers and other staff workers. Seventy-two percent had monetary violations.

With respect to the evaluation of prior violators, 42 cases representing 49 percent of the nationwide population of CRP's with prior investigations were selected. Nineteen percent of the investigated CRP's were in compliance with all laws enforced by WHD for both Section 14(c) workers and other staff workers, and 69 percent had monetary violations.

For CRPs that conducted a self-audit as part of the certification process, 47 cases, representing 24 percent of the CRP's with prior self-audits, were randomly selected for investigation. Fifteen percent of the investigated CRP's were in compliance with all laws enforced by WHD for both Section 14(c) workers and other staff workers, and 83 percent had monetary violations.

Despite the low compliance rates found in all three evaluations, the data appear to be more nuanced than the rates suggest. The majority of the violations resulted from incorrect or untimely prevailing wage and commensurate wage determinations. Other violations were caused by confusion about the appropriate minimum wage, owing to the fact that between 2007 and 2010, the Federal minimum wage increased three times followed by further minimum wage increases at the State level. Keeping

pace with these minimum wage adjustments produced many of the violations during the survey period.

WHD has identified a number of internal and external strategies to address these types of violations, including changes to the certification process. Given the high turnover among CRP staff who conduct these wage determinations, WHD is considering additional training requirements for CRPs. WHD is also analyzing the certification process as a potential means for routinely and broadly disseminating information on making wage determinations and other compliance issues to certification applicants. Given the geographic distribution of CRPs, along with their staffing and resource constraints, Web-based training could reach a wider audience with less investment for both WHD and CRPs. Exploring the use of technology in training and maintaining the emphasis on improving wage determinations may address many of the violations found.

#### OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS

*Question.* OFCCP recently secured a contract to conduct a program level organizational assessment. What were the findings and related costs savings implemented or planned to be implemented? What additional steps will OFCCP complete in fiscal year 2011 that create efficiencies and realize other cost savings? What additional actions are proposed in the fiscal year 2012 budget request?

*Answer.* To ensure that it is appropriately staffed and resourced to implement its enhanced enforcement, compliance, regulatory and outreach efforts, OFCCP undertook an independent management and organizational assessment. The goal of the organizational assessment was to evaluate the agency's current structure, staff capabilities, resource allocation, and business process efficiency. The assessment was broken into two distinct parts; the former focusing on the National Office and the latter focusing on the regions. In response to the findings of the first part of the assessment, OFCCP reorganized its National Office and created a Governance Board to address systemic issues and break down organizational barriers. OFCCP is still in the process of evaluating the findings of the regional assessment.

The reorganization involved making the following changes to the structure of the National Office, which were aimed at improving organizational effectiveness and efficiency: (1) create a Communications Team within the Office of the Director; (2) make the Division of Statistical Analysis a unit reporting to the Division of Program Operations; (3) create a separate Testing Unit within the Division of Program Operations; (4) create a separate Data Integrity Team within the Division of Program Operations; and divide the Branch of Budget, Finance and Administrative Services into three specialized parts (the Branch of Budget and Finance, the Branch of Human Resources Liaison and Information Management, and the Administrative Services Unit).

The purpose of the OFCCP Governance Board is to transform the way the agency addresses select operational issues. The independent organizational assessment found that too often, identification and development of solutions to operational issues occurs among functional groups on an ad-hoc basis. This approach is not systematic; nor does it provide a consistent mechanism for divisions and regions to work across organizational boundaries. It encourages stove piping and thus limits the agency's ability to achieve desired outcomes. Additionally, it was suggested that many projects would benefit from broader input from the various segments of the OFCCP workforce.

The OFCCP Governance Board will provide a transparent and sustainable means to address appropriate operational issues across organizational boundaries. Once fully implemented, the OFCCP Governance Board will improve vertical and horizontal communication within OFCCP, strengthen the workforce, create a healthier work environment, and provide better ways to identify issues and solve problems, as well as enable the agency to more effectively achieve output targets, outcome goals as described in the Department's Strategic Plan, as well as other organizational goals. In addition, the OFCCP Governance Board will improve employee morale by sending a message to staff that we are committed to including them in the decisionmaking process.

The Governance Board is designed to augment existing approaches. To ensure success, the process will be developed carefully, beginning with a few high priority projects and expanded over time.

In addition to improvements made as a result of the organizational assessment, OFCCP expects to realize significant savings from its new IT system, the Federal Contractor Compliance System (FCCS), a modern cloud-computing based integrated case and content management information technology solution, which is slated to replace the agency's 20 year old case tracking system, the OFCCP Information System

(OFIS), in fiscal year 2012. In fiscal year 2011, OFCCP devoted \$3.815 million to the development of system requirements for FCCS. The agency plans to allocate an additional \$2 million to the project in fiscal year 2012.

At present, the compliance review process is completely manual. The FCCS will significantly increase the agency's productivity by fully automating this process. Concurrently, FCCS will eliminate inconsistencies across OFCCP's regions by imbedding business rules in the automated environment, thereby preventing deviations from standard operating procedures. Stand alone functionalities such as word processing, spread sheets, statistical software, and e-mail will be integrated into the FCCS, eliminating the need to exit one system to invoke the other. This will create additional efficiencies in completing and tracking cases. For example, compliance officers must enter case related status updates manually into OFIS. This leads to delays and input errors, and is extremely inefficient. By eliminating the need to manually enter status updates and providing the capability to capture, store, search, retrieve and reference case file documentation, the FCCS will save time spent in reconciling information.

The FCCS will also improve information security. Currently, OFCCP case files are in hard copy and lack advanced safeguards to protect the personally identifiable information and commercial data provided to OFCCP by Federal contractors. The FCCS will enable the agency to create, analyze, generate, schedule, and track cases in a secure electronic environment.

We estimate the FCCS will cost about \$23 million over a 10 year period, in contrast to a benefit of about \$39 million for that same period. The system is designed to allow the agency to add enhancements and improvements over time. Under OFIS, the agency would not be able to add value in the upcoming years. On the contrary, OFIS would become more obsolete every year, and more expensive to maintain over the same time period. In fact, the overall cost to operate the OFIS system for the next 10 years is estimated to be greater than for FCCS, even when the FCCS acquisition and planning cost, front loaded in the first 2½ years, is factored in. For years 3 to 10, we estimate it would cost twice as much for OFIS to operate as it would for FCCS. Thus, implementing the FCCS will enable OFCCP to realize significant savings over time in addition to large gains in productivity.

*Question.* What will the OFCCP achieve in terms of workload and performance in fiscal year 2011?

*Answer.* In fiscal year 2011, OFCCP is implementing the following strategic goals to achieve the Secretary's vision of good jobs for everyone: (1) prepare workers for good jobs and ensure fair compensation by increasing workers' incomes and narrowing wage and income inequality, and assisting low wage and the unemployed with gaining access into the labor market and the middle income bracket; and (2) assure fair and high quality work-life environments by eliminating barriers to a fair and diverse workforce. OFCCP has also developed new outcome measures that are being baselined in fiscal year 2011. These measures will be used to target OFCCP's performance in fiscal year 2012 and beyond. The measures are: Compliance rate for Federal contractors; discrimination rate for Federal contractors; and impact of an OFCCP evaluation on future contractor compliance.

To measure and assess workload enforcement efforts, OFCCP has several workload measures that are assessed quarterly. These include completion of 3,500 compliance evaluations in fiscal year 2011, which includes a target of 3,225 supply and service reviews and 275 construction reviews. The agency exceeded its compliance review goals by 18 percent through the first and second quarters of fiscal year 2011. OFCCP also has workload measures for its outreach and compliance assistance work, and has also implemented a new quality control measure that will look at the quality of cases worked on by compliance officers.

To further enhance the effectiveness of the compliance review process, OFCCP focuses its investigative efforts on enforcement priorities once desk audits are completed. The objective is to modify how and where case investigation decisions are determined to ensure efficient use of resources. Specifically, the agency identifies cases for priority review based on the potential and type indicators of discrimination and uses a new concept called Triaging of Cases, to identify similar issues and patterns among corporate-wide establishments and within industries. The agency's focus centers on compensation cases, hiring investigations, veterans and disability investigations, and other investigations including promotions, terminations, and good faith efforts. This concept allows the agency to focus enforcement efforts toward complex investigations, which renders more in-depth, detailed and thorough investigations, including additional onsite verifications.

In addition, OFCCP is using performance accountability measures that assist the agency's enforcement efforts, as well as provide the agency with the ability to make proactive adjustments that will ensure the agency reaches its goal. The performance

accountability efforts include: (1) ongoing monitoring and reporting of field enforcement operations by national and regional office activities; (2) quality assurance and quality Investigations of contractors that assist the agency in achieving its goal to conduct more comprehensive audits; (3) improving the identification of adverse impact indicators in the audit process; (4) identifying compensation disparities; and (5) bringing more Federal contractors into compliance. The agency will also enhance the training of its Compliance Officers with an objective to expand and increase the effectiveness of the agency's enforcement. The training will provide staff with introductory, intermediate, and advanced level training in line with national priorities.

*Question.* Secretary Solis, as you know, I am supportive of your efforts to strengthen the affirmative action requirements of 41 CFR part 60-741, the regulations implementing Section 503 of the Rehabilitation Act of 1973, as amended (Section 503). You issued an Advance Notice of Proposed Rulemaking (ANPRM) last July with a September deadline for comments. Can you please provide an update on where things stand with that proposed rule, and when we can expect to see a final rule? I strongly believe that Federal contractors can play a big role in helping to improve employment outcomes for qualified workers with disabilities, and I am eager to see the Section 503 regulations strengthened as part of a broader effort to increase the number of people with disabilities participating in the U.S. labor force.

*Answer.* I share your belief that strengthening the Section 503 regulations is an important part of the broader effort to increase the number of people with disabilities in the U.S. labor force. The ANPRM we published last year resulted in 127 comments from disability and veteran advocacy organizations, trade and professional associations, employers, and other interested groups and individuals. All comments we received were considered as we drafted a Notice of Proposed Rulemaking (NPRM), which was submitted to OMB for interagency review under Executive Orders 12866 and 13563 on May 24.

#### OFFICE OF LABOR-MANAGEMENT STANDARDS (OLMS)

*Question.* In fiscal year 2011, OLMS will eliminate a unit dedicated to audits of international unions. OLMS has determined that these expenses will be better used in core mission work. Please provide supporting data for this conclusion, including how OLMS will enforce relevant laws with respect to international unions.

What additional steps will OLMS complete in fiscal year 2011 that create efficiencies and realize other cost savings?

*Answer.* In fiscal year 2011, OLMS plans to eliminate the International Compliance Audit Program (I-CAP), which on average, resulted in seven or eight audits per year. Savings will be applied to maintaining FTE levels in OLMS' core mission, compliance assistance and enforcement of employer/consultant reporting. It is important to note that OLMS is continuing to conduct criminal investigations involving international unions based on information of financial improprieties. Criminal investigations are part of OLMS' core mission work and OLMS projects to have sufficient resources to conduct approximately 300 criminal investigations in fiscal year 2011. OLMS is also continuing to conduct union officer election investigations (over 130 cases projected) including investigations of international union officer elections. OLMS will also continue to conduct audits of intermediate body and local unions under the compliance audit program (CAP). OLMS will create efficiencies in the CAP program by improving its audit targeting methods to more effectively identify fraud and embezzlement while conducting fewer audits. Despite fewer audits, OLMS' enforcement program will remain viable and effective. OLMS will also realize efficiencies and cost savings in the election program by working to reduce the number of days it takes to resolve union officer election complaints and, in the reports and disclosure program, by increasing the number of LMRDA reports filed electronically.

*Question.* What additional actions are proposed in the fiscal year 2012 budget request?

*Answer.* OLMS proposed the following initiatives in the fiscal year 2012 budget request:

- Increase effectiveness of audits by focusing resources on labor unions most likely to be in violation of the law.
- Improve timeliness in resolving union member election complaints.
- Improve the Internet public disclosure service and public access to information reported by unions, union officers, union employees, employers, labor consultants and surety companies under the Act.
- Increase provision of compliance assistance to national and international labor organizations to increase their affiliates' LMRDA compliance by developing, implementing, and extending the number of voluntary compliance agreements

(VCA) to establish goals, baselines, and measures for improving recordkeeping, reporting, and internal controls.

- Improve compliance with minimum bonding requirements of local and intermediate union affiliates by working closely with their parent national and international unions, including those who are not party to a VCA.
- Increase the number of national and international unions whose affiliates conduct audits of their own financial records in accordance with a partnership that develops, delivers, and evaluates a customized local union audit training curriculum for each parent union.
- Increase the number of reports filed by employer-consultant persuaders.
- Reduce delinquency rate of filers of Labor Organization Annual Financial Reports.
- Reduce delinquency rate of chronically delinquent filers of Labor Organization Annual Financial Reports.

*Question.* What will the OLMS achieve in terms of workload and performance in fiscal year 2011?

*Answer.* The fiscal year 2011 workload and performance data provided in the fiscal year 2012 congressional budget justification was based on an annualized continuing resolution at the fiscal year 2010 enacted level. At this point, however, we expect the performance for the Office of Labor-Management Standards to differ from the fiscal year 2011 information in the fiscal year 2012 congressional budget justification as follows:

OLMS expects that the number of election cases will exceed the projected total of 130. Election cases are predicated on member complaints and during fiscal year 2011, OLMS has received an inordinate number of these cases.

OLMS projects fewer supervised elections (projected 35). The number of supervised elections is a demand-driven measure in that OLMS cannot predict changes in annual numbers, and historically the number of supervised elections has fluctuated greatly (based upon the number of election investigations, ability to reach voluntary agreements, etc.)

OLMS expects to exceed the predicted number of 200 compliance audits and complete at least 350 during fiscal year 2011.

As noted above (SSEC10), OLMS expects to continue to seek increased program efficiencies for the remainder of fiscal year 2011 and into fiscal year 2012.

#### OFFICE OF WORKERS' COMPENSATION PROGRAMS (OWCP)

*Question.* Since fiscal year 2009, the OWCP has created efficiencies in its programs, eliminated lower-priority spending and realized other cost savings. What additional steps will OWCP complete in fiscal year 2011?

*Answer.* OWCP continues to modernize its technology systems to automate claims processing and provide greater accessibility and services to customers. Expanded use of teleconferencing has reduced travel costs to conduct informal hearings and conferences and training costs. Technology tools also enable centralization of functions and increases flexibility in workforce assignments and workload organization and management. In fiscal year 2011, OWCP will:

Consolidate Division of Federal Employees' Compensation (DFEC) claims intake and case creation activities from 12 District Office locations to two central sites. Consolidation will improve consistency in the quality of case creation as well as provide operational efficiencies such as reduced contract staff and equipment requirements.

Deploy the Employees' Compensation Operations and Management Portal (ECOMP) to allow electronic filing of Federal Employees' Compensation Act (FECA) claim forms, submission of other documents, and the uploading of documents directly through a secure web-based application.

Deploy DFEC's new interactive voice response (IVR) system that will offer self-help features to callers, greatly improve call routing, and provide greater access to information and assistance services.

DEEOIC continues to actively look for ways to improve customer service and speed benefit delivery. In response to a customer service satisfaction survey conducted last year, new pamphlets and brochures are being developed to be posted online and given out at the Resource Centers. These informational pamphlets will provide clear guidance to the claimant population concerning key benefit and program issues.

Continue, on a monthly basis, the Black Lung program assessment of each district office's workload and the rebalancing of caseloads so as to prioritize the adjudication of new claims filed under the Patient Protection and Affordable Care Act (PPACA).

*Question.* What is proposed in the fiscal year 2012 budget request?



Answer. Requests for additional resources in fiscal year 2012, through which OWCP will continue to create efficiencies in its programs, eliminate lower-priority spending, and realize other cost savings include:

- \$1,200,000 in Special Benefits (FECA) to provide for policy review and conversion of the iFECs Case Management System to the new HIPPA International Classification of Diseases standard, ICD-10 mandated by the Department of Health and Human Services. The ICD coding scheme is used by OWCP to identify medical conditions accepted in workers' compensation claims and by the healthcare industry for delivery of services to our claimants.
- \$3,200,000 and 9 FTE in Longshore Salaries & Expenses for resources to address the numbers and complexity of Defense Base Act (DBA) claims and reduce processing timeframes. DBA injury and death cases in connection with the wars in Iraq and Afghanistan have increased dramatically, rising from 347 cases in fiscal year 2002 to nearly 15,000 cases in fiscal year 2010, while Longshore resources have remained static.

In addition, OWCP continues to pursue legislative reform of the Federal Employees' Compensation Act (FECA). We estimate that our reform proposal will save the Government (conservatively) between \$400 and \$500 million in its first 10 years. In addition, the proposal contains several provisions that will improve administration of FECA operations. These include creating a lower benefit level, or "conversion" benefit, once an injured employee reaches Social Security Retirement age or after 1 year of FECA compensation (whichever is later); establishing a uniform compensation rate of 70 percent for all claimants, including schedule awards, and removing benefit augmentation for dependents; moving the 3-day waiting period for benefits from after the 45-day continuation of pay period to the first 3 days following the filing of a traumatic claim; and authority to match Social Security records with FECA claims records without prior claimant approval to ensure continued FECA benefit eligibility.

Fiscal year 2012 funding will enable OWCP to introduce additional customer service improvements and business process and organizational design enhancements, as well as workload management innovations such as Telework and Flexiplace expansion.

*Question.* The congressional budget justification indicates that the Division of Federal Employees' Compensation will take a series of steps related to the recruitment, placement, and accommodations of workers with disabilities. Please provide more specifics on current and proposed actions under existing law.

Answer. Subsequent to last year's kick-off of the new Federal workplace safety and return-to-work (RTW) initiative—"Protecting Our Workers and Ensuring Reemployment" (POWER)—DFEC met with the 14 larger agencies to discuss their current performance levels and actions they will take to meet their POWER targets. The meetings also included discussions about those agencies' organizational and other RTW challenges, opportunities for DFEC to provide assistance, and the agencies' potential for improvement.

Extending those latter topics, DFEC and DOL's Office of Disability Employment Policy (ODEP) are developing a research project to be completed by the end of fiscal year 2012 to document the obstacles that exist in Federal agencies relating to return to work, job accommodations, and placement and the best practices used by agencies to reduce or eliminate these obstacles and increase opportunities for success. This research project also supports the objectives of Executive Order 13548, Increasing Federal Employment of Individuals with Disabilities, which specifically directs the Secretary of Labor to take steps that will foster improved return-to-work outcomes. DFEC and ODEP will utilize the results to offer tailored technical assistance to Federal agencies regarding the adoption and implementation of successful return-to-work practices and related disability employment practices.

To provide an incentive to Federal employers to reemploy injured Federal workers with permanent disabilities, DFEC has begun a program to identify and certify FECA claimants for job placement using Office of Personnel Management (OPM) Schedule A hiring authority. Qualification for Schedule A authority, found at 5 CFR § 213.3102(u), provides an avenue to enhance and expedite hiring of individuals with disabilities (as well as other categories of individuals) for Federal service by removing barriers and increasing employment opportunities. Participation in the program is voluntary on the part of the claimant; however, if they volunteer they must self-identify the nature of their disability. With Schedule A, qualified candidates who meet the OPM guidelines can be hired non-competitively: without the typical recruitment headaches; without posting and publicizing the position; and without going through the certificate process.

*Question.* What will the OWCP achieve in terms of workload and performance in fiscal year 2011?

Answer. Following enactment of the fiscal year 2011 appropriation, OWCP reprioritized workload and activities to support the targets and goals addressed in the fiscal year 2011 congressional budget justification. It is expected that the Federal Employees' Compensation Division, the Coal Mine Workers' Compensation Division, and the Energy Employees Occupational Illness Compensation Division achievements will be close to the established targets. The possible exception is the Longshore and Harbor Workers' Compensation Division which is currently not achieving the GPRRA goal of 58 percent of First Payment of Compensation Issued Within 30 days for Defense Base Act cases. The performance for the DBA First Payment measure through the second quarter is 54 percent. The performance targets were based on requested additional funding for nine additional FTE and information technology investments that was not enacted. Longshore's resources have been severely taxed by both the numbers and the complexity of Defense Base Act claims arising from increased activity by civilian contractors supporting the military overseas.

#### OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

*Question.* What steps will OSHA complete in fiscal year 2011 and does it propose in fiscal year 2012 to create efficiencies and realize other cost savings in pursuing the agency's mission?

Answer. OSHA has been carefully controlling its Full-Time Equivalent (FTE) ceiling and hiring in fiscal year 2011 to ensure that priority, mission-critical positions are filled. The agency has also been granted Voluntary Early Retirement Authority (VERA) by the Office of Personnel Management for the remainder of fiscal year 2011, which extends to agency operations outside of Washington, DC for the first time in well over a decade. In addition, the agency has reduced funding for discretionary purchases, including travel, contracts and printing. As an example, the agency is starting to utilize video conferencing technology for training, meetings and screening of egregious cases to reduce travel expenses. OSHA is also pursuing technology efficiencies, including the elimination of outdated and redundant equipment, to realize cost savings.

*Question.* How will the modest increase available to OSHA be targeted to carrying out the highest priority activities in fiscal year 2011 and achieving the core mission of the agency?

Answer. OSHA did not receive an increase to its budget in fiscal year 2011. The continuing resolution provided the Department with the authority to move funds from the Departmental Management appropriation to other accounts for the purposes of program evaluation, initiatives related to the identification and prevention of worker misclassification, and other worker protection activities. With this authority, funding was restored to OSHA in the amount of the 0.2 percent rescission for standards development, State program enforcement efforts, and training on identifying worker misclassification.

*Question.* What will the OSHA achieve in terms of workload and performance in fiscal year 2011?

Answer. The fiscal year 2011 information and data provided in the fiscal year 2012 congressional budget justification was based on an annualized continuing resolution at fiscal year 2010 enacted appropriations. At this point, we expect the performance for OSHA to not differ significantly from the information in the fiscal year 2012 congressional budget justification.

#### MINE SAFETY AND HEALTH ADMINISTRATION (MSHA)

*Question.* What steps will MSHA complete in fiscal year 2011 to create efficiencies and realize other cost savings in pursuing the agency's mission?

The fiscal year 2012 budget identifies savings related to the elimination of the small mines office and the SAVE proposal related to the use of postcards reminders for certain information requests.

Answer. With respect to the Small Mines Office, MSHA is not going to close or eliminate it, but will transfer and integrate the function into the Metal and Nonmetal program. MSHA intended to replace the narrative in the justification during the drafting phase to reflect this, but unfortunately that did not occur.

MSHA will begin mailing the first post card reminders in lieu of the multi-part 7000-2 forms for the CY 2011 second quarter reporting period (April-June). This transition will reflect the beginning of the savings outlined in the SAVE proposal.

*Question.* Please describe how this proposal will achieve the identified savings with at least the same level of services currently provided.

Answer. Implementing the SAVE proposals to move to the mailing of post cards will significantly reduce MSHA's printing and postage costs. MSHA will continue to

mail the multi-part form when requested; however, MSHA is encouraging stakeholders to take advantage of the on-line filing capability.

MSHA believes the transfer of the Small Mines Office function will increase the effectiveness of the program by allowing the managers to focus on areas where their expertise is needed. This will provide more meaningful compliance assistance, leading to lower overall fatality and accident rates at all mines.

*Question.* What additional cost savings are proposed in the fiscal year 2012 budget request?

*Answer.* The fiscal year 2012 request includes two reductions totaling \$3,250,000 reflecting the elimination of a project previously funded through an earmark.

*Question.* How will the modest increase available to MSHA be targeted to carrying out the highest priority activities in fiscal year 2011, including those previously addressed in MSHA reports to the Committee on Appropriations and Office of Accountability reports, and achieving the core mission of the agency?

*Answer.* In the Department of Defense and Full-Year Continuing Appropriations Act, 2011, Congress appropriated to MSHA an additional \$7.27 million (post rescission) above the revised fiscal year 2010 continuing resolution (CR) level. MSHA allocated this funding to address critical projects and needs within its core programs and comply with known congressional interest. Below is a summary of the allocations:

*Federal Mine Safety and Health Review Commission (FMSHRC) Backlog Reduction (SOL): \$2,000,000*

Transfer of funds necessary to continue the backlog reduction project for the last 2 months of the fiscal year.

*Federal Mine Safety and Health Review Commission (FMSHRC) Backlog Reduction (MSHA): \$750,000*

Funds necessary to continue the backlog reduction project for the last 2 months of the fiscal year.

*Metal and Non/Metal Inspections: \$1,300,000*

Funds for overtime and travel to ensure the Metal and Nonmetal enforcement program have the necessary resources to complete its mandated inspections.

*Upper Big Branch Investigation Costs: \$550,000*

Funds to offset costs associated with MSHA's investigations into the Upper Big Branch mine disaster above those that were supported through the 2010 supplemental appropriation.

*Coal District 4 Split: \$250,000*

In response to concern about the sheer size and responsibility of the District 4 office, whose area of jurisdiction in southwest West Virginia encompassed nearly 400 mines and mine facilities or roughly 20 percent of the Nation's coal mines, MSHA is splitting the District into two more manageable organizations, creating a new District office, D12. This action will better serve MSHA and the mining industry. The creation of two districts to cover southern West Virginia will provide for more effective enforcement oversight and improved management of this significant portion of MSHA's workload. The allocation reflects funding to support the infrastructure of a temporary space while GSA secures a permanent location for the new District 12 office. All items purchased or leased will convey to the permanent location.

*Brookwood-Sago Grants Increase: \$500,000*

Increase the Miner Act-established Brookwood-Sago Grants program by \$500,000. The program provides funding for the development of educational and training programs and training materials for mine emergency preparedness by providing funding for education and training programs to help identify, avoid, and prevent unsafe working conditions in and around underground mines, and focuses on training materials and training programs for mine rescue and mine emergency preparedness in underground coal mines.

*Enforcement Programs Computer IT support: \$1,100,000*

Funding to provide replacement laptop and desktop computer equipment for enforcement staff. Current laptops and desktops are 3-4 years old and only have one-half GB of memory which causes all programs to run very slowly. Some machines are taking as long as 8 minutes to start up. This substantially and negatively impacts productivity by reducing mine site time for the inspectors. These machines will not be able to support Office 2010 if and when DOL/MSHA upgrades to this version. Additionally, Windows 7 would not be able to be supported as the operating

system due to inadequate hardware and memory on current machines. MSHA and DOL have already begun migrating to Windows 7 where the hardware is able to support the move.

*Health Samples Reengineering: \$900,000*

Funding to replace MSHA's current obsolete 31-year old COBOL system and provide an application that is fully integrated with MSHA's enterprise database. The new system will significantly reduce maintenance costs and improve processing speed. Reengineering the system will allow for:

- Consistent management of samples data.
- Establish consistent integration of samples monitoring with enforcement activities.
- Provide consistent reporting mechanisms.
- Maintain the ability to perform unique validations based on sample type.
- Provide a consistent mechanism for tracking sample history.
- Provide the capability to create a consistent advisory mechanism for reporting violations to MSHA enforcement personnel.

*Mine Emergency Equipment: \$750,000*

Provides funding for the purchase of Mine Emergency Operations (MEO) response equipment. MSHA will purchase:

- Communications vehicle, wireless mesh points and supporting equipment.
- Satellite dish for improved communications.
- Engineering vehicle, trailer and equipment.

*Base Funding Reallocations: -\$1,080,000*

MSHA will re-direct lapsed compensation funding to offset increases in the Metal and NonMetal enforcement, which will allow MSHA to ensure that Metal and Nonmetal completes 100 percent of its mandated inspections. Additionally, MSHA is reallocating resources to increase the Brookwood-Sago Mine Safety Grants programs, transfer management of the Mount Hope Lab from Technical Support to the Coal activity, and support MSHA's expanded regulatory program.

*Question.* What will MSHA achieve in terms of workload and performance in fiscal year 2011?

*Answer.* We expect MSHA to continue its enhanced enforcement efforts, i.e. impact inspections, maintain 100 percent of the mandated inspections, and conduct other inspections/investigations. Although the delay in fiscal year 2011 appropriations created some challenges in achieving workload and performance goals, MSHA expects its workload and performance levels to coincide very closely with the fiscal year 2011 information in the fiscal year 2012 congressional budget justification. The fiscal year 2011 information and data provided in the fiscal year 2012 congressional budget justification was based on an annualized continuing resolution at the fiscal year 2010 enacted appropriation level.

BUREAU OF LABOR STATISTICS (BLS)

*Question.* BLS has taken steps in recent years to reduce travel costs by expanding the use of videoconferencing and web-based services. What additional steps will BLS complete in fiscal year 2011 to create efficiencies and realize other cost savings in pursuing the agency's mission?

*Answer.* The Bureau of Labor Statistics (BLS) has continued to increase the use of its videoconferencing system, web-based services, and telephone and Internet data collection to mitigate travel costs. The videoconferencing system provides high-quality audio and video for meetings between the BLS national office and its regional locations. In addition, the BLS uses videoconferencing to meet with organizations located outside the United States, where international travel would have been required previously. The BLS has increased its use of WebEx, a web-based service that combines real-time desktop sharing with phone conferencing to conduct some work activities with State and regional staff, rather than traveling to conduct business on site. The BLS has also increased its use of telephone and Internet data collection, thereby reducing the travel costs associated with collecting data. In addition to reducing travel costs, the BLS has been working to identify and, where possible, reallocate unused/unneeded IT equipment (computers, servers, printers, and cellphones) using the Asset Management Application (AMA). The AMA enables the BLS to transfer surplus IT equipment that is still serviceable to offices where it will be used. These strategies have proven to be an effective means to avoid rising costs. The BLS is committed to continuing such practices.

*Question.* In addition to the elongating of the fielding schedules for National Longitudinal Surveys and the elimination of the International Labor Comparisons pro-

gram, what additional cost savings and efficiencies are proposed in the fiscal year 2012 budget request?

Answer. In 2012, the BLS will continue efforts to implement online forms within the Producer Prices and Price Indexes (PPI) program, a survey that currently collects monthly price data by mail and fax. In fiscal year 2011, PPI began work with the centralized Internet Data Collection Facility within the BLS to offer online data collection to select respondents. By the end of fiscal year 2012, the BLS will realize cost savings of approximately \$10,000. Offering modern, electronic options to respondents, including use of online data collection, will improve the accuracy, timeliness, and efficiency of data collection for both respondents and the BLS and be more environmentally friendly.

*Question.* BLS also has taken steps to change the relationship with State labor market information agencies, most recently with the centralization of the current employment statistics (CES) program. The Nation requires current, accurate, detailed labor statistics for Federal and non-Federal data users. Please comment on the accuracy of the data being produced through the centralized CES program.

How are DOL agencies and State labor market information agencies interacting with each other and with other Federal and non-Federal entities to address the goals of relevant Federal legislation and the Federal-State cooperative statistics system?

Answer. In March 2011, the BLS assumed responsibility for producing CES State and metropolitan area estimates. The transition went smoothly and, as of early June, the BLS has produced 2 months of estimates under the new protocol. State agencies have cooperated fully with the BLS during the transition. States continue to relay information to the BLS about any local events not captured by the CES sample, and provide analysis and dissemination of the estimates to local data users. Data accuracy remains high as the sample size remains unchanged and is supplemented by local information provided by States. In addition, the centralization will permit the BLS to implement program enhancements in the CES program to improve survey response rates, thereby reducing the statistical error on the estimates. Centralizing operations at the BLS also improves the consistency and transparency of the estimation process, which are important dimensions of quality.

In terms of the overall Federal-State cooperative system for producing Labor Market Information (LMI), the BLS and States continue to work together through the annual cooperative agreement process to produce, analyze, and disseminate data from the CES, Local Area Unemployment Statistics, Occupational Employment Statistics, Mass Layoff Statistics, and Quarterly Census of Employment and Wages programs. Consistent with Section 309 of the Workforce Investment Act of 1998, BLS senior management and 10 State LMI Directors elected by their peers continue to hold regular formal consultations. Representatives of other Federal agencies involved in producing labor market information regularly participate in these consultations as well.

*Question.* Last, the National Research Council held a workshop last year on facilitating innovation in the Federal statistical system. Please comment on DOL agencies' innovation activities and plans.

Answer. To foster innovation at the agency and program level, the BLS has included a number of budget initiatives in the President's budget in recent years. For example, in 2010, the BLS received resources to provide new series on "green" jobs, addressing the need for detailed data on these rapidly evolving industries and occupations. As another example, in 2012, the BLS is requesting resources to modernize its Consumer Expenditure (CE) survey. The CE survey is a critical input for the Consumer Price Index. This initiative will allow for continuous research to incorporate multiple data collection modes to take advantage of new technologies, use new sample and statistical modeling methods to increase cost effectiveness, and assess the feasibility of implementing further improvements.

The BLS also continuously improves its current data products to the extent possible within existing resource levels. For example, in 2010, the BLS released official all-employee hours and earnings data, which provide more comprehensive information for the Bureau of Economic Analysis' National Income Accounts and for analyzing economic trends. Also in 2010, the BLS began publishing, for the first time, national estimates of workplace injuries and illnesses incurred by State and local government workers.

In addition, the National Research Council report highlighted the importance of interagency work in fostering innovation within the Federal statistical system. One current example is the Joint Program in Survey Methodology, which is intended to address the critical and growing need of Federal agencies for highly trained personnel in mathematical statistics and survey methodology.

*Question.* What will the BLS achieve in terms of workload and performance in fiscal year 2011?

*Answer.* The BLS does not expect the workload and performance goals to differ from the fiscal year 2011 information in the fiscal year 2012 congressional budget justification.

OFFICE OF THE SOLICITOR (SOL)

*Question.* What steps will the Office of the Solicitor (SOL) complete in fiscal year 2011 to create efficiencies and realize other cost savings in pursuing the agency's mission?

*Answer.* In fiscal year 2011, SOL continues to develop critically needed Legal Technology infrastructure improvements. This initiative began with an evaluation in fiscal year 2009. In fiscal year 2011, we are projected to complete the first of three phases of development. SOL's IT modernization initiative addresses important improvements in SOL's IT/Litigation Support infrastructure, including: replacing SOL's failing case management and time reporting systems (SOLAR/TD), as well as developing capacities in the critical areas of legal document management, document review tools, transcript and evidence management, trial presentation and case analysis. In addition, in fiscal year 2011, SOL continues to build its FTE-related program support capacity, including its professional development and training necessary to ensure that SOL's legal skills are competitive with those of its adversaries and other stakeholders that influence the working conditions and security of America's working women and men.

*Question.* The fiscal year 2012 budget identifies savings related to the elimination of resources for compliance assistance and outreach, longshore litigation, and review of Uniformed Services Employment and Reemployment Rights Act case referrals to the Department of Justice. Please describe how these proposals will achieve the identified savings without compromising SOL's core mission.

*Answer.* SOL's budget request for fiscal year 2012 was constructed in close coordination with the budget priorities for its DOL client agencies, enabling SOL to forcefully and decisively support the Secretary's vision of "good jobs for everyone." The fiscal year 2012 budget includes three program reductions as follows.

*Eliminate SOL's Compliance Assistance and Public Outreach Activities.*—SOL proposes to cease performing the wide variety of compliance assistance and public outreach activities in which it currently engages, including speeches, presentations, responding to inquiries from and providing training to the public, and supporting the clients' compliance assistance activities.

*Eliminate SOL review of the Veterans Employment and Training Service's (VETS) USEERRA case referrals to DOJ.*—The Department of Justice bears the primary authority for litigating cases in this program and engages in a de novo review of the merits of each case. This proposal eliminates SOL's review of the recommendations to DOJ from VETS.

*Eliminate Non-participation memos.*—DOL should discontinue its practice of drafting legal memos to support its decision not to participate in cases under the Longshore and Harbor Workers Compensation Act and Mine Act in the courts of appeals, and should communicate those recommendations orally to OWCP and MSHA.

*Question.* What additional cost savings are proposed in the fiscal year 2012 budget request?

*Answer.* As described in the response to SSEC24, SOL is in the midst of an IT Modernization initiative that began in fiscal year 2009 and the fiscal year 2012 budget request includes funding to continue this project in fiscal year 2012.

*Question.* What will the SOL achieve in terms of workload and performance in fiscal year 2011?

*Answer.* The fiscal year 2011 information and data provided in the fiscal year 2012 congressional budget justification (CBJ) were based on an assumed annualized funding level based on the continuing resolution at fiscal year 2010 enacted appropriations. While the final fiscal year 2011 full year continuing resolution approximated these funding levels, the delay in appropriations has created challenges in achieving workload and performance goals. Consistent with the performance and workload information in SOL's fiscal year 2012 CBJ, SOL expects its fiscal year 2011 workload and performance projections to be consistent with fiscal year 2011 information in the fiscal year 2012 CBJ, with the increased production from the temporary and term FTE funded by the fiscal year 2010 supplemental appropriation (and the \$2 million transfer from MSHA's fiscal year 2011 appropriations to SOL) to reduce the backlog of mine safety and health cases pending before the Federal Mine Safety and Health Review Commission. At this point, we expect the perform-

ance for SOL to differ from the fiscal year 2011 information in the fiscal year 2012 CBJ as follows:

Historically, including in the fiscal year 2012 CBJ, SOL aggregated its Pre-Litigation Matters and Litigation Matters together as "Litigation Matters" when reporting. Now that SOL has revised its production measures to separate out Pre-Litigation Matters from Litigation Matters, we have revised targets and results for Litigation Matters Opened (formerly referred to as Litigation Matters Received) and Litigation Matters Concluded to exclude Pre-Litigation Matters from the tabulations, and we have included separate figures for Pre-Litigation.

The projected number of Mine Safety and Health litigation backlog matters to be concluded in fiscal year 2011 projection for Litigation Matters Concluded, as reflected in SOL's workload projects, has been revised. The original target was based on a projection from the MSH litigation matters concluded in the first quarter of the backlog project, but based on current trending, that rate is not sustainable as a constant rate over the full project. While we expect this SOL workload measure to trend downward, the MSH litigation backlog project remains on track to exceed our expectations for disposition of cases and citations. It is important to note that the SOL workload projections are not directly comparable to data and projections reported in the Quarterly Reports to Congress for the Targeted Caseload Backlog Reduction Project. This is because SOL's projections are based on SOLAR, which tracks only Litigation Matters Concluded by SOL, and the reports to Congress are based on data provided by the Federal Mine Safety and Health Review Commission, including matters handled by MSHA's CLRs (and not SOL) as well. In addition, these two data sets are based on different time periods.

#### BUREAU OF INTERNATIONAL AFFAIRS (ILAB)

*Question.* What actions will the Bureau of International Affairs take in fiscal year 2011 to create efficiencies and realize other cost savings in pursuing the agency's mission?

Answer. The President's fiscal year 2011 budget request included additional resources for ILAB to improve its monitoring and enforcement of trade agreements and expand its worker rights technical assistance program. The United States has trade agreements with 13 developing countries and provides trade preferences to approximately 140 other developing countries. These agreements and programs include labor rights obligations. Without the additional requested resources, ILAB has shifted staff from lower priority activities, such as participation in inter-agency processes, to higher priority activities such as labor monitoring and the enforcement. However, we anticipate that monitoring activities will increase as the U.S. negotiates additional trade agreements and ILAB continues to strive for the robust enforcement of trade agreements.

ILAB will continue to coordinate its efforts to address the root causes of child labor and forced labor with those of the International Labor Organization (ILO). ILAB will also continue to search for ways to improve the effectiveness of its programs to advance its goal of improving the livelihoods of exploited laborers and at-risk youth.

ILAB is using research and technology to improve the efficiency of ILAB's operations. Systematic research and analysis on the status of labor rights in trade partner countries allows ILAB to coherently target policy engagement—including trade enforcement actions and technical cooperation activities—to specific countries and issues where the maximum impact may be achieved. ILAB has made substantial progress on developing a system for tracking and sharing information internally and with other agencies. This helps utilize scarce resources as efficiently as possible.

*Question.* What additional steps are proposed in the fiscal year 2012 budget?

Answer. The ILAB budget proposal for fiscal year 2012 included expanded resources (1) for additional staff in the area of monitoring and enforcement of the labor provisions of trade agreements and (2) for expanded worker rights grants. The budget proposal did not call for specific additional steps to create efficiencies and realize other cost savings in pursuing the agency's mission beyond those proposed in the fiscal year 2010 budget and cost savings realized to comply with the constraints of the continuing resolutions covering fiscal year 2011.

However ILAB intends to continue to pursue efficiencies and cost savings from measures that have been put in place during the current fiscal year, including prioritization of activities, targeted engagement with those governments that offer greatest promise of progress, limitations on staff travel and cautious hiring and replacement policies.

In addition, in fiscal year 2012 ILAB intends to undertake more assignment of staff across its offices in order to accomplish all high priority and mandated work

without addition staff resources, in case the fiscal year 2012 budget does not allow additional hiring. ILAB will also identify and eliminate additional lower priority activities, beyond those curtailed in fiscal year 2011, as needed to accomplish its mission with constrained resources. ILAB has started to identify such lower priority activities for possible elimination in fiscal year 2012. These measures will mean that ILAB is not able to sustain the current level of effort on all programs.

*Question.* Please describe the impact of not receiving the increase proposed in the fiscal year 2011 budget, particularly on activities related monitoring and enforcement of labor provisions of trade agreements.

*Answer.* Not receiving the increase proposed in the fiscal year 2011 budget has significantly reduced ILAB's intended impact on improving worker rights around the world. Without the fiscal year 2011 request for resources to monitor and enforce labor provisions of trade agreements, ILAB will be unable to increase its monitoring efforts. In fiscal year 2011, ILAB has been monitoring less than half the number of trade partner countries it would have monitored under the requested level of funding. It has also been impossible to establish and expand high priority trade related worker rights technical assistance, especially Better Work programs. A lower level of resources will lead to a reduction in ILAB's planned activities, particularly monitoring and enforcement, in the following specific ways:

*Monitoring.*—ILAB will not have the resources to systematically review, analyze and track labor problems in all FTA countries. ILAB has developed a set of standards and a systematized method for tracking progress on labor issues, but has only been able to apply this in-depth, systematic monitoring to six FTA countries. For the other 11 FTA partners, ILAB has been conducting ad hoc monitoring as problems arise. ILAB's responsibilities related to the labor provisions of FTAs are expected to rise significantly in the next year. The recently negotiated Colombia Action Plan Related to Labor Rights will require significant ILAB resources to monitor in the near future. In addition, the United States is currently negotiating the Trans-Pacific Partnership FTA (TPP) with seven countries. ILAB has not been able to invest the staff resources to engage the developing countries that are party to the TPP negotiations on labor issues to the extent we consider desirable. Negotiating new FTAs offers the best leverage for the necessary changes in labor regimes and institutions. Without the additional resources, ILAB's capacity to bring current and detailed knowledge to the negotiating process will be seriously constrained. TPP countries include Vietnam, Malaysia, and Brunei Darussalam, which have significant labor challenges.

*Enforcement.*—ILAB will not have the resources to expand enforcement beyond 2010 levels of the labor obligations of countries that benefit from U.S. trade agreements and preference programs. ILAB monitors and engages countries on labor rights law and practice if a labor petition is filed under GSP, free trade agreements, or as part of the annual review process of AGOA. ILAB had planned to expand its engagement to additional countries of concern to address areas where there were concerns they had not met their obligations. While ILAB has identified potential labor rights issues in trade partner countries, it has been unable to proactively initiate new labor consultations or reviews under trade agreements and preference programs because of the significant staff resources they would entail.

ILAB must divert resources from other functions. ILAB has already been compelled to re-assign staff from technical assistance and research functions to mandated monitoring and enforcement of FTA labor provisions. If monitoring activities increase, we will have to draw resources from other priorities.

ILAB also has not received requested resources to expand its worker rights technical assistance programs. These programs aim to create a level playing field for U.S. workers in the global economy and improve worker rights in U.S. trade partner countries. As part of this initiative, ILAB has established Better Work programs in Haiti, Lesotho and Nicaragua, and provided initial funding in fiscal year 2010 to establish a program in Bangladesh and support modest expansions in Vietnam and Cambodia. In fiscal year 2011, we plan to initiate a program in Egypt modeled on Better Work. However, without additional resources, these programs will not be able to be fully scaled up.

*Question.* What will the ILAB achieve in terms of workload and performance in fiscal year 2011?

*Answer.* The fiscal year 2011 information and data provided in the fiscal year 2012 congressional budget justification was based on an annualized continuing resolution at fiscal year 2010 enacted appropriations. While the final fiscal year 2011 appropriation approximated these funding levels, the delay in appropriations creates challenges in achieving workload and performance goals. At this point, we do not expect the performance for ILAB to differ from the fiscal year 2011 information in the fiscal year 2012 congressional budget justification.



## WOMEN'S BUREAU (WB)

*Question.* What actions will the Women's Bureau take in fiscal year 2011 to create efficiencies and realize other cost savings in pursuing the agency's mission, beyond replacing staff with lower-paid employees?

*Answer.* The Women's Bureau works diligently to make the most effective use of its resources. Over 85 percent of the Bureau's budget is spent on salaries and benefits, rent and working capital fund, leaving very little discretionary funding. However, the Bureau continues to look for ways to create efficiencies in the way it does business. One way is by utilizing the Federal Strategic Sourcing Initiative to lower cost for supplies. Both the national and regional offices use this initiative to purchase supplies whenever possible.

In addition, the Bureau is attempting to reduce copying and printing costs and find "greener" alternatives when disseminating outreach and technical assistance materials. As part of our strategic outreach activities, the Bureau provides attendees with research papers, guides, manuals, and other materials. At meetings or events that require such extensive resource material, the Bureau has moved away from printing the documents to providing them on flash drives. The use of flash drives also allows the Bureau to include additional Departmental and governmental information and resources to the attendee at no additional cost. These flash drives also serve as a communications tool, as they are imprinted with Bureau's name and website.

*Question.* What additional steps are proposed in the fiscal year 2012 budget?

*Answer.* The Bureau will continue to look for efficiencies including use of technology to reduce travel costs. The Bureau is working with the Department for cost effective ways to implement video conferencing with our regional offices, which will reduce travel costs over the near future. Additionally we are looking to use social media tools to promote our message, products and programs and increase the turnout and impact of our initiatives.

*Question.* The budget proposes appropriations language to enable the Women's Bureau to make grants. How much funding and what purposes would this authority be used to support?

*Answer.* The Bureau anticipates that approximately \$500,000 to \$750,000 of funds currently spent on contracts will be spent on grants. The Bureau typically works closely with nonprofits, community and faith-based organizations, and educational institutions to meet its mission of helping women achieve economic security, providing them with the necessary tools to ensure their advancement in the labor force, and promoting fair and high-quality work-life environments. These informal partnerships have been productive, but grants and cooperative agreements would give the Bureau the tools to better achieve its public policy and programmatic goals and objectives. This authorization would allow the Bureau to fund research, publications, and educational efforts that will directly contribute to the Bureau's mission.

*Question.* What will the Women's Bureau achieve in terms of workload and performance in fiscal year 2011?

*Answer.* The fiscal year 2011 information and data provided in the fiscal year 2012 congressional budget justification was based on an annualized continuing resolution at fiscal year 2010 enacted appropriations. While the final fiscal year 2011 appropriation approximated these funding levels, the delay in appropriations creates challenges in achieving workload and performance goals. At this point, we expect the performance for the Women's Bureau to differ only slightly from the fiscal year 2011 information in the fiscal year 2012 congressional budget.

## OFFICE OF DISABILITY EMPLOYMENT POLICY (ODEP)

*Question.* What actions will the Office of Disability Employment Policy (ODEP) take in fiscal year 2011 to create efficiencies and realize other cost savings in pursuing the agency's mission? What additional steps are proposed in the fiscal year 2012 budget?

*Answer.* In fiscal year 2011 ODEP will create efficiencies and realize costs savings by focusing on the priority activities that we believe will yield the greatest impact on low labor force participation and high unemployment rates. This will allow ODEP to shift resources to key problem areas and, in some cases, increase resources to conduct policy development and expand technical assistance and dissemination efforts. For example, we plan to transition some programs and initiatives to other Federal agencies who are better positioned to administer them. For example, ODEP efforts related to two initiatives—United We Ride and America's Heroes at Work—will be reduced as other agencies assume greater responsibility for these.

ODEP is proposing additional steps in fiscal year 2012 to concentrate its efforts on those key factors most likely to yield significant results. By utilizing proven

strategies focused on our priority areas, ODEP will direct and redirect its resources to maximize impact. Also, in fiscal year 2012, ODEP intends to increase its reliance on the National Employer Technical Assistance Center (NETAC) which has knowledge of ODEP's policy products and utilizes a consortium approach to leverage access of national organizations to employers and stakeholders. By relying on NETAC and its partners, ODEP can extend its reach and ability to rapidly disseminate information and provide technical assistance. ODEP expects to realize operational efficiency and cost savings by tapping into NETAC's existing knowledge, infrastructure and capacity to reach more than 4,000 employers (including the Federal Government and its contractors), service providers, and other stakeholders likely to adopt and implement effective practices.

#### DOL'S CIVIL RIGHTS CENTER (CRC)

*Question.* Please provide information on the findings from the new review process of State Methods of Administration and the assistance that will be provided to help States and the One Stop System meet the needs of all customers or potential customers, including individuals with disabilities.

*Answer.* The WIA nondiscrimination regulations require each Governor (or his/her designee) to prepare and submit to DOL's Civil Rights Center (CRC) a document known as a Methods of Administration (MOA) plan for ensuring that all WIA Title I financially assisted State programs comply with the civil rights laws enforced by CRC, including the laws protecting individuals with disabilities. Additionally, every 2 years, the Governor is required to review the MOA to determine whether it needs to be updated in order for the State to be in full compliance. If updates are necessary, the Governor must make and submit them; if no updates are necessary, the Governor must certify in writing that the previous MOA remains in effect.

Until recently, review of the MOA documents was CRC's primary method of assessing whether each Governor was satisfying his/her oversight responsibilities. Within the past 2 years, CRC has shifted the emphasis of its reviews to determining whether the actions described in the plans are actually being implemented.

CRC offers recipients a number of different types of technical assistance and training. The agency's website, which underwent a major reorganization in fiscal year 2010, contains compliance assistance tools and training courses on a number of nondiscrimination-related topics, including disability issues. CRC staff members provide individualized compliance assistance and information, upon request, to congressional staff, State- and local-level Equal Opportunity Officers, Disability Program Navigators, Job Corps administrators and staff, other DOL managers and employees, representatives from other Federal departments and agencies, members of the public seeking information about civil rights laws, and a host of other persons from CRC's internal and external customer base. This assistance and information is generally provided by phone or e-mail, and occasionally in person. (Note: The majority of technical assistance requests CRC receives are with regard to disability issues, such as the lawfulness of disability-related inquiries.)

With regard to training, CRC continues its policy of delivering training courses and workshops at State- or Local Area-sponsored training events, tailored to the specific issues of concern to the audience. In recent months, the agency has leveraged limited resources by providing these courses and workshops remotely, via webinar and audio conference; live delivery will take place as budgets permit. In addition, CRC will offer its 22nd Annual National Equal Opportunity Training Symposium from August 30 through September 2 in Crystal City, Virginia. The 2010 event drew approximately 350 State- and local-level EO Officers and staff, as well as administrators and staff of the One-Stop workforce development system; Job Corps staff and contractors; and other stakeholders.

*Question.* What will the ODEP achieve in terms of workload and performance in fiscal year 2011?

*Answer.* The fiscal year 2011 information and data provided in the fiscal year 2012 congressional budget justification was based on an annualized continuing resolution at fiscal year 2010 enacted appropriations. Since the final fiscal year 2011 appropriation closely approximated these funding levels, the delay in appropriations is not expected to create any significant challenges in achieving workload and performance goals. At this point, we do not expect the performance for the Office of Disability Employment Policy (ODEP) to differ significantly from the fiscal year 2011 information in the fiscal year 2012 congressional budget justification.

#### EMERGING INDUSTRIES AND HIGH GROWTH OCCUPATIONS

*Question.* The prediction of emerging industries and high growth occupations is essential to effective workforce development. What are the current ways that ETA

is using labor market information to improve workforce services such as job search, career counseling and training?

Answer. We agree that labor market information (LMI) including information about emerging industries and high growth occupations is necessary to ensure that job seekers, career changers, and strategic planners have the labor market intelligence they need to make sound training, education, and economic development investments. This past year, ETA launched two new creative and useful electronic tools: [mynextmove.org](http://mynextmove.org) which is a career exploration site for individuals entering the labor market and [myskillsmyfuture.org](http://myskillsmyfuture.org) which quickly shows unemployed workers what other jobs need their skill sets.

ETA takes several actions to assure that State and local workforce investment boards, One-Stop Career Centers, partner agencies, job seekers, and businesses have a wide variety of reliable and comparable labor market data and information. ETA provides annual funding from the Workforce Information-National E-Tools and Capacity Building budget line to the States and territories and consortia of States to support the collection and dissemination of state and local labor market information, including:

- Production at the State and local levels of 2- and 10-year industry and occupational employment projections;
- Population of the Workforce Information Database that facilitates the sharing among the States of comparable data sets on wages, licenses, credentials, military to civilian occupational cross walks, employer location and contact information, etc.;
- Maintenance and expansion of the occupational information network (O\*NET) that documents occupational skills, competencies, and detailed work activities including new, emerging, or evolving occupations such as green jobs; and
- Universal access to the LMI data described above and a variety of other data through state LMI web sites and via national electronic tools including the Career One Stop portal at [www.CareerOneStop.org](http://www.CareerOneStop.org) and ONET Online at <http://www.onetonline.org/>. These websites and portals receive more than 38,000,000 customer visits per year.

In addition, in 2009, ETA provided nearly \$50,000,000 in ARRA competitive grants for State LMI Improvement grants to 24 States and six consortia. While most projects continue to operate, to date the States have:

- Conducted numerous State- and local-level surveys to measure green jobs and the impact green jobs are having on their States' economies, and to identify education and training programs that support skills acquisition for emerging industries and occupations;
- Researched the use of "Real Time" LMI (job openings data collected daily and aggregated from the Internet job banks and corporate websites) to enhance 2-year and 10-year projections and to make more job opportunity data available to job seekers;
- Conducted research on green jobs skills with the goal of aiding dislocated workers' transition from declining to transforming and emerging industries; and
- Developed new tools and improved access to workforce and LMI data in the labor exchange operations within the One-Stop Career Centers.

*Question.* How is the Department working to improve the use or availability of this information to make quality and timely predictions?

Answer. One of the State LMI Improvement grants, noted in the response to SSEC 37, was awarded to the Projections Managing Partnership consortia of States to re-write and enhance the State and local industry and occupational short-term (2 years) and long-term (10 years) software suite that States use to inform training, education, and economic development investment decisionmaking. This is now available to all States to produce the occupational projections. In addition, the consortia made enhancements to add the skills that will be in demand by combining the projected occupational growth and O\*NET-defined skills.

In September 2010, the Department released a new skill transferability tool specifically designed for direct use by dislocated workers who have skills and work experience but need to change jobs to adapt to the changes in their local economy. Called [myskillsmyfuture.org](http://myskillsmyfuture.org), this site uses simplified navigation, language, and integrated information resources to provide a seamless experience for dislocated workers. Similarly, for individuals who are exploring careers, the Department released a site in February 2011 with simplified language, and an online 60-question interest assessment tool that makes the O\*NET occupational profiles easier to access and use, while ultimately still linking to the additional detail available through O\*NET OnLine. This tool is found at [mynextmove.org](http://mynextmove.org).

## ADULT EMPLOYMENT AND TRAINING ACTIVITIES

*Question.* The fiscal year 2012 budget request indicates that the Department will increase the rate of industry-recognized credential attainment among customers receiving training. What is the strategy for increasing credential attainment and how will the Department measure its progress on this goal?

*Answer.* The Secretary of Labor has set a high priority performance goal of increasing by 10 percent the number of workforce program participants who attain industry-recognized credentials. To support this goal, the Employment and Training Administration has issued guidance to the system (Training and Employment Guidance Letter 15-10), provided technical assistance through webinars and other means, and invested in promising program models. A summary of this activity follows:

ETA, with its partner agencies in Education and Health and Human Services, supports the increase of credential attainment through the development of career pathway systems. Through strong alignment of education, training and employment services among public agencies and with employers, career pathway approaches better enable low-skilled adults and other hard-to-serve populations, students, and workers, to succeed in postsecondary education and earn in-demand, industry-recognized credentials that place them on a career ladder. Through discretionary grants and technical assistance efforts, ETA is working with community colleges, State workforce systems and others to develop career pathway models that link education and training to advancement along a specific track. For example, one career pathway includes bridge programs to assist Certified Nursing Assistants to become Licensed Practical Nurses.

ETA also focuses on strengthening programs like Job Corps and YouthBuild that help young people earn valuable occupational credentials while completing high school and Registered Apprenticeship programs that provide participants a valuable credential while earning wages on the job.

Through the Trade Adjustment Assistance Community College and Career Training Initiative, the Department of Labor will make a large investment in building the capacity of community colleges and other eligible higher education institutions to design programs that meet the needs of trade-impacted workers. These programs will be designed to meet the needs of non-traditional, eligible students for flexible scheduling, easy entry and exit from programs, accelerated remediation through contextualization, integrated academic and occupational training, on-line courses, and more. They will reflect evidence-based strategies that have proven effective, or test strategies that have promise.

## DISLOCATED WORKER EMPLOYMENT AND TRAINING ACTIVITIES

*Question.* Dislocated Worker National Emergency Grants (NEGs) are sometimes used to create employment opportunities for dislocated workers to assist with clean up from natural disasters. What portion of fiscal year 2010 NEGs was used for these purposes and how many dislocated workers received employment opportunities through these grants?

Has the use of NEGs for this function increased over time?

*Answer.* As fiscal year 2010 appropriations fund Program Year (PY) 2010 activity for National Emergency Grants (NEGs), we are providing responses based on disaster NEG activity thus far in PY 2010 (PY 2010 began July 1, 2010 and ends June 30, 2011).

Within the National Reserve, the fiscal year 2010 appropriation provided \$190,919,666 for NEGs. As the table below shows, the Department has awarded 18 disaster NEGs and funded two increments for prior year disaster NEGs, for a total \$79,893,327. Of the amount awarded, \$69,041,816 was funded, which is about 36 percent of the almost \$191 million available for NEGs in PY 2010 and 55 percent of the \$126,544,605 awarded to date. An estimated 6,180 individuals will receive temporary employment opportunities and reemployment services through these NEGs. A number of these NEGs are too recent to have completed their final planning/hiring, so we have presented their participant estimates in italics.

Disaster NEG funds provide funding to create temporary jobs to support clean-up and recovery efforts. These efforts can fluctuate widely depending on the number, severity, and type of natural disasters that occur in any given year. Activity in PY 2010 is slightly above average. However, it doesn't compare to Hurricane Katrina/Rita efforts, where Louisiana alone spent \$43,599,160 to provide 7,502 disaster affected workers temporary employment and reemployment services.

As indicated, we are still within the program year, and it is customary for State applications to come in late in the program year as formula funds are depleted. As a result of this practice, together with recent weather emergencies, the Department

currently has applications that exceed the remaining funds for NEG's and we expect the entire appropriation to be awarded.

| State | Project  | New or incremental funding | Approval date | Amount approved (up to award) | Amount funded | Participants |
|-------|--|----------------------------|---------------|-------------------------------|---------------|--------------|
| KY    | KY-Severe Storms, Tornadoes, and Flooding  | New                        | 6/6/2011      | \$4,276,514                   | \$4,276,514   | 317          |
| OK    | Oklahoma Severe Storms and Tornadoes   | New                        | 6/1/2011      | \$471,150                     | \$471,150     | 26           |
| MO    | MO Severe Storms, Tornadoes and Flooding 2011                                      | New                        | 5/27/2011     | \$5,822,352                   | \$5,822,352   | 404          |
| AR    | Severe Storms, Tornadoes and Associated Flooding                                   | New                        | 5/26/2011     | \$3,758,327                   | \$3,758,327   | 249          |
| TN    | TN-Disaster-Storms, Tornadoes, Flooding  | New                        | 5/23/2011     | \$3,589,704                   | \$3,589,704   | 480          |
| CA    | California Tsunami Waves   | New                        | 5/11/2011     | \$6,498,100                   | \$6,498,100   | 271          |
| GA    | Georgia Tornado and Storm Disaster   | New                        | 5/11/2011     | \$5,000,000                   | \$5,000,000   | 300          |
| MS    | MS-Disaster-Severe Storms, Tornadoes, Straight-line Winds, and Associated Flooding | New                        | 5/9/2011      | \$7,000,000                   | \$7,000,000   | 525          |
| AL    | Severe Storms, Tornadoes, Winds, & Flooding Disaster                               | New                        | 5/4/2011      | \$10,000,000                  | \$10,000,000  | 800          |
| OR    | Oregon Tsunami Wave Surge 2011   | New                        | 4/15/2011     | \$284,023                     | \$94,674      | 15           |
| CA    | 2010 California Severe Storms  | New                        | 3/18/2011     | \$176,904                     | \$176,904     | 10           |
| AR    | Storms October 2009  | Increment                  | 2/23/2011     | \$11,267,940                  | \$3,755,980   | 252          |
| PR    | Tropical Storm Otto  | New                        | 12/10/2010    | \$8,494                       | \$8,494       | 119          |
| MN    | Southern MN 2010 Flood   | New                        | 11/23/2010    | \$4,000,000                   | \$4,000,000   | 607          |
| IA    | Severe Storms/Flooding/Tornadoes 2010  | New                        | 11/8/2010     | \$1,160,391                   | \$580,195     | 29           |
| TN    | Severe Storms and Flooding   | Increment                  | 9/22/2010     | \$5,800,000                   | \$2,000,000   | 126          |
| TX    | Hurricane Alex Flooding  | New                        | 9/14/2010     | \$5,849,481                   | \$2,921,500   | 670          |
| KY    | Eastern Kentucky Severe Storms, Flooding and Mudslides                             | New                        | 8/27/2010     | \$938,441                     | \$5,849,481   | 416          |
| PR    | Severe Storms and Flooding   | New                        | 7/22/2010     | \$4,000,000                   | \$938,441     | 57           |
|       | Totals   |                            |               | \$79,893,327                  | \$69,041,816  | 6,180        |

## YOUTHBUILD

*Question.* As you know, as a result of the significant funding constraints on the fiscal year 2011 continuing resolution, the 2011 funding level for YouthBuild represents a significant reduction to the program. Specifically, the program was funded at \$80 million—a \$23 million or 22 percent reduction. On May 17, 2011, the Department announced 74 grantees that will receive funding under the fiscal year 2011 appropriation for YouthBuild. How many existing YouthBuild grantees have lost funding as a result of the reduction and how many of the 74 awards are going to new grantees not previously funded by the Department?

*Answer.* With fiscal year 2009 and American Recovery and Reinvestment Act Funds (ARRA), a total of 183 grants were funded by the Department of Labor (DOL). In fiscal year 2011, a total of 74 grants were awarded, of which two went to organizations not previously awarded grants by DOL. This means that 72 previously funded grantees were refunded through the 2011 competition. Therefore, 111 grantees were not refunded in the most recent competition.

*Question.* In the past the Department has tended to fund YouthBuild grants on a 2-year basis. Has that approach changed as a result of the lower funding level in fiscal year 2011?

*Answer.* With fiscal year 2011 funds, the Department of Labor (DOL) awarded 74 YouthBuild grants that are for 2 full years of program services. These grants were provided the full amount from the fiscal year 2011 funds. This plan was outlined in Solicitation for Grant Application announced in October, 2010 and was not a result of the lower funding level.

## JOB CORPS

*Question.* The fiscal year 2011 continuing resolution included a \$75 million rescission to Job Corps construction and renovation funds. How will Job Corps implement that rescission?

*Answer.* What projects will it impact and will Job Corps go forward with the planned construction of centers in Wyoming and New Hampshire?

*Answer.* Job Corps had preliminarily identified \$75 million from previously budgeted, but not obligated, projects. These projects have now been placed on hold, subject to available resources, and may be designated to receive funding in future Program Years. These projects are in one of three categories: (1) projects in which the budgeted amount includes the construction phase of the project, (2) projects in which the budgeted amount includes the design phase of the project, and (3) projects in which the budgeted amount was only partially rescinded.

The new centers in Wyoming and New Hampshire are still under consideration in light of the available funding. Final decisions will be made after the Department thoroughly assesses the impact of the rescission and concludes a re-evaluation of Job Corps' inventory of construction projects.

## WORKFORCE INNOVATION FUND

*Question.* The fiscal year 2011 continuing resolution included \$125 million for a new Workforce Innovation Fund to support innovative new strategies or expand evidence-based strategies that align programs and strengthen the workforce development system to improve the education and employment outcomes for job seekers and workers, youth, and employers. What are the Department's plans for these awards in terms of the timing of the solicitation and awards and the likely number of awards?

*Answer.* What benefits do you see these grants having for the workforce investment system and how would these initial grants tie to the President's fiscal year 2012 request for Workforce Innovation Funds?

*Answer.* While the precise timeline is still being discussed, ETA is pursuing an aggressive timeline to prepare for publication of the first Workforce Innovation Fund (WIF) Solicitation for Grant Applications. To ensure that our final product draws fully on the experience and knowledge of stakeholders and is capturing the most innovative and promising approaches, the Department has commenced an intensive stakeholder engagement strategy which includes outreach to Federal partners, including the Departments of Education and Health and Human Services and the Office of Management and Budget; State and local workforce organizations; intergovernmental organizations and associations; Senate and House Committees (Authorizing and Appropriations); and foundations and the research community. ETA is using a mix of face-to-face discussions and webinars to encourage broad participation; it has established a general e-mail account (workforce.innovation@dol.gov) where stakeholders can post ideas and feedback. ETA will

determine the size and scope of grants after analyzing information from the consultations.

The WIF offers a unique opportunity to test innovative workforce strategies that lead to system change. While the fiscal year 2011 budget provides only a brief description of the WIF, the fiscal year 2012 budget request provides additional information and outlines the intent and purpose. Specifically, the administration intends that the Fund:

- invest in projects that deliver services more efficiently and achieve better outcomes, particularly for vulnerable populations and dislocated workers;
- support both structural reforms and the delivery of services;
- emphasize building knowledge about effective practices through evaluation;
- translate into improved labor market outcomes and increased cost efficiency and other measures in the regular formula programs; and
- facilitate the use of waivers where necessary to achieve better outcomes and facilitate cooperation across programs and funding streams.

In fiscal year 2011, the Department is the sole contributor to the fiscal year 2011 Workforce Innovation Fund. Therefore, the first year of funding on innovation strategies will directly benefit Title I and III (Workforce Investment System and Wagner-Peyser Employment Service) programs, although proposals to improve coordination with Title II and IV, and other Federal programs would be in line with goals for system reform. If joint funding with the Department of Education is achieved in fiscal year 2012, the Department will have a solid framework from which to expand to the other WIA title programs.

#### COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS (CSEO)

*Question.* The President's fiscal year 2012 budget proposes the transfer of CSEO to the Department of Health and Human Services' Administration on Aging. What has been the reaction to this proposal of the national nonprofit agencies who administer the majority of these grant funds?

Have you received a lot of comments from those entities, what are their concerns and how are you addressing their concerns in your transition planning?

*Answer.* The Department has received very few direct comments from grantees. However, we have arranged two conference calls for the Assistant Secretaries of the Department of Health and Human Services (HHS) Administration on Aging (AoA) and the Department of Labor Employment and Training Administration to speak with the national grantee directors and with all grantees to address any concerns. Questions in advance of and during the calls largely centered on how the program would work if it went to AoA, and what kind of changes AoA anticipated making in how the program is structured and funds are allocated. Both Assistant Secretaries assured grantees that the Departments would work collaboratively to ensure that the proposed transfer would be as seamless as possible, with collaboration and consultation at the staff level already underway. This would include coordination on the statutorily required national grantee competition planned for late 2011, with operations under these new grants effective in 2012.

*Question.* Also, as the budget notes, the majority of State CSEO programs are housed within offices on aging, senior services or health and human services departments. What will the transfer of this program mean for the 17 States where that is not the case, where CSEO programs are housed in labor departments and how will DOL and HHS ensure a smooth transition for those grantees?

*Answer.* Under the Older Americans Act, Governors have complete discretion on where within the State bureaucracy the CSEO program is housed. Program services, performance goals, program structure, coordination requirements, etc., are not dependent on whether the program is administered at the State level by either a Labor or HHS State agency. Because CSEO has a dual focus on job training and community service, it can be effectively run by either the Labor or HHS State agency.

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#### QUESTIONS SUBMITTED BY CHAIRMAN DANIEL K. INOUE

##### WORKFORCE INVESTMENT ACT (WIA) WORKFORCE INNOVATION FUND

*Question.* Are the innovation grants proposed in the fiscal year 2012 budget intended to inform the Employment and Training Administration's (ETA's) reauthorization efforts or are they a component of ETA's ongoing efforts to improve program functioning?

*Answer.* This Fund represents a small but crucial investment in innovative, evidence-based and cost-saving workforce strategies to strengthen outcomes for both



workers and employers. This Fund will benefit future WIA formula-funded activities by moving the public workforce system toward better results and more cost effective delivery that can be replicated broadly across the workforce system. In addition, while evidence developed over the next few years may not be available in time to inform an imminent WIA reauthorization, it would inform future WIA reauthorizations and administrative guidance issued by the Department.

*Question.* Are the proposed innovation grants multi-year grants and would they require funding in subsequent years? If these proposed innovation grants are intended as multi-year grants, what are the proposed periods (e.g., 3 years, 5 years)?

*Answer.* Grant funds are available for Federal obligation through September 30, 2012; the appropriation remains available for recording, adjusting, and liquidating obligations properly chargeable to the WIF account until September 30, 2017. Assuming a 1 year close out period, grants could be provided for a period of up to 5 years. Senators Harkin and Murray have recommended a 2–3 year period of performance. While this aligns with our typical grant award period, and will adequately accommodate front-line service delivery reforms, such a time period may not be sufficient for a State or regional partnership to make structural or systemic changes at the State or local level and observe how those changes increase efficiency or quality in service delivery. Currently, the Department is engaged in intensive stakeholder consultations for the WIF which will provide more information around a practical timeframe of grant availability.

*Question.* Will the proposed reduction in the Governors Reserve from 15 percent to 7.5 percent of State formula grant allocations affect the ability of Governors to carry out required statewide activities within the WIA system?

*Answer.* It is possible that the reduction in the Governor's Reserve will cause States to scale back on some statewide activities, including performance incentives to local areas. The fiscal year 2011 Full-Year Continuing Appropriations Act reduced the Governor's Reserve from 15 percent to 5 percent, which will provide a test case to determine how States prioritize their statewide activities with fewer available resources. For the fiscal year 2011 funds, the Department has advised States to consider investments in statewide activities central to State management such as reporting or those that provide direct services to participants ahead of other required activities. States that are unable to carry out all required activities due to a lack of funds may apply for a waiver to allow for a temporary exemption from the requirement to carry out some of the required statewide activities, such as performance incentives and evaluations.

#### UNEMPLOYMENT COMPENSATION (UC)

*Question.* What has DOL done to discourage States from reducing the number of weeks that unemployed workers can receive regular unemployment compensation (UC) benefits?

*Answer.* The Federal-State UC program is a cooperative arrangement between the Federal Government and the States providing income support to individuals who meet the eligibility requirements of State law. Federal UC law establishes broad requirements that State laws must meet. Otherwise, States are free to establish the requirements of their own UC laws. Federal law has never included any requirements concerning weeks of benefits payable. Thus, DOL has no official role in mandating the number of weeks of benefits that States provide; we implement laws passed by Congress. Additionally, we note that until the American Recovery and Reinvestment Act, Federal law had never included any requirements concerning weekly benefit amounts. Currently States that have agreed to operate the Emergency Unemployment Compensation (EUC) program on behalf of the Federal Government (and all States currently do) are prohibited from reducing their weekly benefit amounts. The EUC program is currently set to expire December 31, 2011, with phase out completed by June 9, 2012.

There are potential consequences if States reduce the number of weeks of benefits available. Specifically, the benefit amounts available under the permanent extended benefits (EB) program and the temporary emergency unemployment compensation (EUC) program are reduced if individuals received fewer than 26 weeks of regular UC. DOL has informed States considering such benefit reductions of the impact on EUC and EB benefit amounts that would be available to eligible individuals in their States.

*Question.* Will the administration support the reauthorization of the Emergency Unemployment Compensation (EUC08) program before it expires in January 2012? Would the administration support an extension of 100 percent Federal financing for Extended Benefits (EB) beyond January 4, 2012?

Answer. When people lose their jobs our Unemployment Insurance system provides crucial support for both the recipients and their communities. We've seen in every recession how important these benefits are not just in helping to keep food on the table and roofs over peoples' heads, but they provide an automatic stabilizer for our economy. Each dollar paid out in UI benefits generates \$2 in economic activity, which means that helping the jobless prevents joblessness.

The extension of Emergency Unemployment Compensation (EUC) and 100 percent Federal financing of Extended Benefits—that we pushed for and passed as part of the broadly supported tax agreement in December—have been very important for our economy. They are helping 7 million Americans support themselves while looking for work who would otherwise have seen their benefits expire and supporting the businesses in their community. The Council of Economic Advisers estimates that these extensions of Federal support for unemployment insurance will create 600,000 jobs this year.

As we continue to work every day to put Americans back to work, we are looking at a wide variety of options. The extension of Unemployment Insurance benefits is also one of the ideas that should be analyzed economically and discussed with all Members of Congress as we go forward.

*Question.* Does the administration favor adding another Tier of emergency UC benefits to the Emergency Unemployment Compensation program (EUC08)?

Answer. Whether Unemployment Insurance benefits should be expanded is worth both analyzing economically and discussing with all members of Congress as we go forward.

#### DAVIS-BACON ACT

*Question.* What are Department of Labor's plans to improve implementation of the Davis-Bacon Act?

Answer. In fiscal year 2010, the Wage and Hour Division (WHD) re-engineered its Davis-Bacon wage survey processes to improve the quality and timeliness of wage determinations published by the agency. For example, we are now utilizing State prevailing wage determinations as the basis for issuing more current highway wage rates. This change, coupled with improvements to the survey process, has positioned the agency to complete during fiscal year 2011 all surveys that are currently in the pipeline.

WHD continues to improve the IT system used for Davis-Bacon wage determinations and to re-engineer its wage determinations processes in order to improve the timeliness and accuracy of wage determinations. We are also building upon previous efforts to revamp and enhance performance measures and goals, as well as increase our numbers of trained and experienced survey staff. We believe all these efforts will produce more responsive and representative survey results that will lead to more accurate and timely wage determinations.

*Question.* What resources would DOL need to ensure that Davis-Bacon wage determinations are accurate and up-to-date?

Answer. The Department's budget does not include a request for additional resources for Davis-Bacon wage determinations. Process changes in conducting wage surveys are currently being implemented. These changes should enable the Wage and Hour Division to update and to keep current wage determinations nationwide.

*Question.* How will the administration's proposed cut to the Community Service Employment for Older Americans program affect services to older, low-income Americans?

Answer. The fiscal year 2011 budget allocation has already reduced program funding to the level proposed in the fiscal year 2012 budget. It will mean an approximate 25 percent reduction in funding and services to unemployed, low-income seniors starting in PY 2011, as compared to PY 2010 regular funding. However, grantees are already implementing management strategies to help ensure that the impact of the severe funding reductions on current CSEOA participants is minimized in so far as possible. Grantee strategies include eliminating new enrollments, cutting back on hours of paid community service training for individual participants, and restricting any time extensions for current participants beyond the new statutory 48 month participation limit that starts on July 1, 2011.

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#### QUESTIONS SUBMITTED BY SENATOR PATTY MURRAY

##### EVALUATIONS AND PERFORMANCE

*Question.* Duplicity and ineffectiveness are two claims that have been levied against Federal job training programs recently, mostly in response to the release of

a GAO report earlier this year. However, most of the inquiries I've heard into these claims never got to the heart of the matter. I believe that accountability and performance are too important not to address the issue fully.

I'd like to ask about the evaluation required under Sec. 172 of the law. To your knowledge, why, under the Bush administration, didn't the Department complete the multisite control group evaluation of WIA formula programs by fiscal year 2005 as required by statute?

Has the Obama administration made such an evaluation a priority?

Answer. While rigorous random assignment impact studies provide the most credible information on program effectiveness, these also are highly resource intensive and take a minimum of 5 years to implement and complete. The Bush administration had several policy proposals to change WIA, and while we cannot answer with certainty why decisions were made, it is our understanding that the Bush administration viewed the WIA program as a program undergoing a transition. It generally is advisable not to conduct an evaluation of a program undergoing transition, as it could result in incorrect conclusions.

While it is unfortunate that we do not have evaluation results from that period in time, in 2008, the Department commissioned the rigorous WIA Gold Standard Evaluation of the Adult and Dislocated Worker Programs (WGSE). This study will use a control group to measure the impact of the WIA adult and dislocated worker formula programs at nearly 30 randomly selected sites. The study's results will be available in 2016, although this schedule is dependent upon continued appropriations for the evaluation of WIA programs.

*Question.* I'd like to ask about the other evaluations that the Department has undertaken under the authority of Sec. 172. Another recently released GAO report noted that ETA released 34 reports to the public in 2008, 20 of which had waited between 2 and 5 years to be approved for public release. GAO goes on to note that several of those reports would have been useful for the workforce system.

To your knowledge, why didn't the Bush administration release those findings and reports earlier?

How has the Obama administration worked to address the criticisms leveled by GAO concerning its research and evaluation activities for WIA programs?

Answer. As I understand it, the Bush administration argued that those studies were flawed. What I can tell you is that the GAO's March 2011 report discussed the marked improvement in the dissemination of research reports by the Employment and Training Administration under my leadership at the Department of Labor. The GAO noted that, "The 34 research reports published by ETA in 2008 took, on average, 804 days from the time the report was submitted to ETA until the time it was posted to ETA's research database. By, contrast, from 2009 through the first quarter of 2010, the average time between submission and public release was 76 days, which represents a more than 90 percent improvement in dissemination time compared with 2008."

The Department has also worked diligently over the past 2 years to increase the rigor of its evaluation studies. For example, I created the Chief Evaluation Office (CEO), which was staffed in May 2010. The purpose of this office is to coordinate the Department's research and evaluation agenda in order to increase its capacity to conduct high quality, rigorous evaluations.

In addition, since 2009, about half the evaluations the Employment and Training Administration (ETA) has funded have been rigorous, random assignment impact evaluations. These include: (a) the Workforce Investment Act (WIA) Gold Standard Evaluation of the Adult and Dislocated Worker Programs (WGSE); (b) the YouthBuild Impact Evaluation; (c) the Reintegrating of Ex-Offenders Random Assignment Evaluation; (d) the Impact Evaluation of Green Jobs, Health Care and High Growth Training Grants; and (e) the Transitional Jobs Impact Evaluation. Each of these evaluations will examine net impacts on employment, retention and earnings, and include benefit-cost analyses. ETA was able to fund these evaluations through an increase in fiscal year 2010 appropriations and the large one-time infusion of funds made available to the Department through the American Recovery and Reinvestment Act of 2009.

While rigorous random assignment impact studies, such as the WGSE, provide the most credible information on program effectiveness, they also are highly resource intensive. Mindful of the statutory responsibility and to address the knowledge gap until the WGSE results are available, in 2009 the ETA released the results of a quasi-experimental net impact evaluation of the WIA Adult and Dislocated

Worker programs.<sup>1</sup> This study uses the next-best methodology when random assignment is not available. This evaluation found positive long-term earnings impact for both programs. ETA plans to publish interim findings of the WGSE in 2013, and the final report will be available in 2016.

In addition, random assignment evaluations may not always be possible when the law requires that people receive services as is the case in many entitlement programs such as the Unemployment Insurance (UI) program. In November 2010, ETA released a study which used nationally representative tax and benefit data in a prominent macroeconomic model, which provided new evidence reaffirming the value of UI as an automatic economic stabilizer during the latest recession.<sup>2</sup>

*Question.* I'd like to address the lack of performance information argument. Does the Department collect performance data on WIA formula programs? If so, how long has such data been collected and what does it reveal about the value of WIA programs?

*Answer.* The Department has collected performance information on WIA formula programs since its inception. The principal data set, known as the Workforce Investment Act Standardized Record Data (WIASRD), records a wide range of information about individual program participants, including program outcomes for participants after they have exited from the program. The outcomes recorded include employment, job retention, and earnings, as well as attainment of education, credentials, and skills.

Other information collected includes individual demographic information and data about participation in and services or other assistance received through WIA or partner programs. The full list of data elements collected by WIASRD is posted online at <http://www.doleta.gov/performance/guidance/WIA/Appendix-A-WIASRD-Specifications-Expires-02282009.xls>.

Since WIA's inception, the Department has used this information to produce and disseminate quarterly and annual performance reports. These reports provide aggregate summary information on program exiters and their outcomes with respect to the given time periods. These reports are available to the public online at <http://www.doleta.gov/performance/results/Reports.cfm?#etaqr>.

While this information is highly useful for monitoring program performance, it cannot directly provide information regarding the value of the programs. However, this information is the primary source of data on which program evaluations, cost-benefit analyses and/or impact studies are based. On the whole, these studies have provided evidence that WIA programs enhance both the employment prospects and future earnings of WIA participants.

As with any performance accountability system, WIA data systems and performance metrics could always be improved or expanded. However, WIA is certainly not lacking performance information as the WIASRD is a rich dataset.

#### INVESTMENT COMPARED TO NEED

*Question.* A recent GAO report noted \$18 billion was invested in Federal employment and training programs in fiscal year 2009, an increase of \$5 billion since an analysis in 2003. The same report goes on to note that after adjusting for inflation, the increase in funds equals \$2 billion, which is approximately the same amount Congress invested in these programs in the American Recovery and Reinvestment Act to help address the impact of the Great Recession. I've seen some reports that public financing for our workforce development programs has actually fallen by 90 percent since the 1970s while our workforce has grown by 50 percent.

However, just looking at recent years, it's my understanding that the one-stop delivery system saw a marked increase in use over the last several years due to the downturn in the economy. In fact, it experienced nearly 234 percent increase in participants. Do you believe that Federal investments have matched the increasing need for services since 2003?

*Answer.* In calendar year 2010, ETA programs served more than 39.1 million people. The Wagner-Peyser Employment Services (ES) and Unemployment Insurance (UI) served 74.6 percent of this total, and 63 percent of those receiving Unemployment Insurance also received Wagner-Peyser funded Employment Services. ETA's other programs provided more comprehensive services to over 9.9 million people in 2010. The high level of participants reflects the continued demand for temporary in-

<sup>1</sup>The Workforce Investment Act Non-Experimental Net Impact Evaluation: Final Report may be found at ETA's Research Publication Database Web site.

<sup>2</sup>The Role of Unemployment Insurance As an Automatic Stabilizer During a Recession may be found at ETA's Research Publication Database Web site.

come support, training and employment services including job search assistance, and the impact of the American Recovery Act and Reinvestment Act funding.

While many of ETA's current workforce programs existed in 2003, we are not able to make a direct comparison between the number of individuals served in 2010 with those served in 2003 due to a changing number of workforce investment programs authorized and appropriated by the Congress. It also is important to note that the \$18 billion invested in Federal employment and training cited by the Government Accountability Office includes the one-time \$2 billion infusion of funding from the American Recovery and Reinvestment Act. Without these funds, there will be a significant decrease in individuals who receive WIA services.

Adequate funding is important; there are many individuals eligible for WIA services that the system could serve with additional funding. In addition, increasing the number of participants who acquire industry-recognized credentials through longer-term training means higher cost services; and funding evaluations to assess the effectiveness of alternative approaches requires significant resources. However, these needs must be balanced with the current economic environment, and the acknowledgment that the Federal Government must live within its means. This requires that investments be strategic and focus on increasing efficiency and alignment with existing Federal resources. For example, the new Workforce Innovation Fund supports the identification and replication of innovative, evidence-based and cost-saving workforce strategies.

The range of such investments can build on technological advances (e.g., using online resources to reach more people), system flexibility measures such as waivers, partnerships, and guidance on aligning or leveraging resources to help State and local workforce investment programs deliver cost effective and high quality services to job seekers and worker and employers.

#### ADMINISTRATIVE STRUCTURES

*Question.* Another claim we often hear about job training programs is multiple administrative structures and lack of strategic approach to planning at the State level. To help address this issue, we've heard about the value of unified planning and common performance measures as ways to reduce administrative burden while promoting a better understanding about the value of these programs. How does the Department propose to address these concerns?

What value do you see in unified planning and the use of common measures?

Answer. The Workforce Investment Act of 1998, Section 501 allows States to submit a single Unified Plan to satisfy the planning requirements of multiple employment and training programs. ETA currently is redesigning and streamlining the Unified State Plan requirements in order to improve strategy-focused planning and promote improved alignment and integration of workforce and other relevant programs. ETA is working with States to gather ideas and feedback on how the current State planning process could be improved without any changes in law. We hope that encouraging more strategic and joint planning among States will prepare the states for any reauthorized WIA that enhances planning provisions. ETA will encourage more States to engage in unified planning leading to improved outcomes across programs (as captured by the common measures) and resource utilization. Common measures and unified planning are complementary tools that can support State and Federal efforts to better align planning with performance measurement and make each process more effective and efficient.

ETA anticipates sending revised planning guidance to States in December 2011 that will facilitate the inclusion of multiple partners in the planning process and in the State plan submitted to the Department.

The goals of the effort to redesign State plans are to:

- Focus State planning on strategy instead of operations and compliance;
- Better align and integrate workforce programs and strategies with each other and other relevant programs (e.g., training providers, education, and economic development);
- Streamline various paperwork processes;
- Encourage strategic thinking and creating workforce strategies that focus on skills training and credential attainment; and
- Use current labor market information and economic indicators to place newly trained individuals into career pathway employment opportunities and track retention through wage record information.

## QUESTIONS SUBMITTED BY SENATOR MARY L. LANDRIEU

*Question.* Your testimony this morning reflects the administration's commitment to keep annual domestic spending low by building on the recently enacted continuing resolution that defined spending levels for the remainder of fiscal year 2011 and to make the tough cuts necessary to achieve these savings. Can you identify the additional cuts that would be needed to make the fiscal year 2012 DOL budget request before us consistent with the deficit reduction framework President Obama announced last month?

*Answer.* The President's fiscal year 2012 budget was transmitted before enactment of the final fiscal year 2011 appropriations bill. I am aware that there are ongoing bicameral, bipartisan discussions between the administration and congressional leadership on the Nation's long-term fiscal picture. These conversations, along with the enacted fiscal year 2011 appropriations, could impact eventual funding levels. The implications of both on the fiscal year 2012 request will be evaluated. Nonetheless, the fiscal year 2012 budget request reflects the administration's policy priorities and remains a good starting point for developing funding levels. We look forward to working closely with you as the process moves forward.

But while the administration is committed to making the tough cuts necessary to achieve these savings—including to programs we care about—we will not sacrifice the core investments we need to grow and create jobs and protect our workforce. We still believe that the fiscal year 2012 budget request is a disciplined approach, representing responsible spending that supports the most critical investments necessary to keep our workforce system moving forward to assist our country's businesses and workers. The budget includes key investments that are an essential part of the President's commitment to out-innovate, out-educate and out-build our global competitors, and to assure that our workplaces are safe and fair. In short, getting America back to work is a top administration priority. As you formulate your appropriations bill, I hope we can work together to ensure adequate funding for the programs that help us reach that goal.

## VOLUNTARY PROTECTION PROGRAMS (VPP)

*Question.* Currently, there are approximately 96 Voluntary Protection Programs (VPP) sites in the State of Louisiana that are actively pursuing VPP status in the State of Louisiana. Collectively, these sites employ approximately 28,871 workers. The fiscal year 2012 budget request includes \$4 million for Department of Labor's Occupational Safety and Health Administration (OSHA) to administer the VPP for 2012. How will President Obama's proposed deficit reduction framework impact the resources terms of their ability to administer the VPP?

*Answer.* The fiscal year 2012 request level includes sufficient resources to maintain the VPP program, which is included in the Federal Compliance Assistance budget activity.

*Question.* According to Government Accountability Office report on the VPP published in May 2009, approximately 80 percent of VPP worksites have fewer than 500 employees. Has OSHA studied and concluded separately on the impact on small businesses?

*Answer.* The 80 percent figure does not accurately capture the true number of actual small businesses because GAO was looking at the size of the worksite and not the size of the company owning the worksite. For example, many participating U.S. Postal Service worksites have been classified as small businesses because they employ 250 or fewer employees.

OSHA has not concluded a separate analysis of the impact of VPP on small business because only 99 out of the 1,644 Federal VPP sites (6 percent) of the total number of VPP sites meet the small business definition (250 or fewer employees and are not part of a corporation/organization with 500 or more employees.)

*Question.* What are OSHA's plans to review the impact on small businesses that participate in the VPP?

*Answer.* While at this time, there are no plans to review the impact on small businesses that participate in the VPP, OSHA has formed a VPP Workgroup to conduct a comprehensive evaluation of OSHA's VPP in response to the May 2009 GAO report. Comprised of Regional and National Office VPP personnel, the Workgroup will review such subject areas as consistency in VPP administration, response to fatalities and documentation following fatalities, effective use of limited resources, recertification of current VPP sites, and training, communication, and cost of administering the VPP. The review process will involve interviews of OSHA VPP staff (Region and National Office), VPP stakeholders (e.g., VPPPA, labor unions, VPP corporate participants, and congressional staff), and review of policy and procedure manuals. A first draft of the Workgroup's evaluation/report is to be completed by

the end of September 2011. Small business participation in VPP will be addressed as part of this comprehensive VPP evaluation.

Small businesses with exemplary safety and health management systems are more likely to be recognized under OSHA's Safety and Health Recognition Program (SHARP). These small employers have had a full On-site Consultation visit and meet other requirements. Upon receiving SHARP recognition, OSHA exempts work-sites from OSHA programmed inspections during the period that the SHARP certification is valid.

*Question.* What is the current status of implementing the recommendations from the GAO report for assessing the performance of the VPP?

*Answer.* OSHA is continuing to evaluate and develop ways to improve internal controls and measurement of program performance and effectiveness as part of the ongoing VPP continuous improvement process. The Assistant Secretary's series of VPP policy memoranda (five to date, the earliest signed August 3, 2009, and the most recent, April 22, 2011) include instructions to strengthen nationwide consistency in OSHA's administration of VPP; improve the quality and documentation of OSHA actions following a fatality at a VPP site; strengthen internal controls, audit procedures, tracking, and proper documentation of OSHA actions; and improve annual data submissions required of all VPP participants and OSHA's review of the submissions and follow-up actions. And as mentioned above, in order to ensure successful implementation of these improvements, OSHA has formed a VPP Workgroup to conduct a comprehensive evaluation of OSHA's VPP.

*Question.* Some of my constituents have contacted me regarding the Department of Labor's (DOL) proposed rule for expanding the definition of the term "fiduciary" to include Employee Stock Ownership Plan (ESOP) annual appraisers. See 75 Fed. Reg. 65263 (Oct. 22, 2011). According to testimony submitted by the American Society of Appraisers at a hearing on this proposed fiduciary rule held last month, the proposed rule would impose "significant financial burdens" on ESOP appraisers because it would require ESOP appraisers to purchase special high-cost fiduciary insurance in addition to the standard errors and omissions insurance required under current law. These increased insurance costs will result in increases to the cost of ESOP valuations—costs that would be then transferred to the ESOP and inevitably to the customer. Has the DOL made a determination as to whether it will exempt annual ESOP appraisals from the new fiduciary rules?

*Answer.* Some stakeholders have asserted that the proposal would cause some appraisers to discontinue ESOP valuations and would significantly increase costs of appraisals for small businesses that sponsor ESOPs. The Department is carefully reviewing these and other comments with a view to avoiding unwarranted costs for ESOPs. In so doing, we must also keep in mind that ESOPs often use annual appraisals to calculate the dollar amount that participants who are leaving the employer will receive for their shares. Thus, such appraisals should be conducted in a prudent and impartial manner.

*Question.* Some constituents have also raised questions as to how the above-referenced proposed fiduciary duty rule will impact broker-dealers servicing individual retirement accounts. Constituents have expressed concern about the proposed rule having the effect of restricting affordable access to services for initiating and managing IRAs. Recent studies have illustrated that IRAs are the fastest growing accounts holding retirement savings. Specifically, IRAs are widely held by small investors. Small investors prefer brokerage relationships over advisory relationships. Ninety-eight percent of investor accounts with less than \$25,000 are in brokerage relationships. The proposed rule would practically make every investment-related conversation with a client subject to fiduciary duty. Consequently, under this proposed rule firms and their associated representatives may not receive different levels of compensation based on the investment choices made by retail investors in protected IRA accounts. The current fee structure accommodates the needs of small investors by allowing firms to provide them with affordable investment services commensurate with their risk profile. Under the proposed rule, brokerage firms would be forced to offer investment services and guidance to IRA investors through fee based advisory accounts—which frequently require much higher fees. These higher fees make it uneconomical and unaffordable for the majority of IRA investors. What is DOL going to do to ensure small IRA accounts can continue to be served by broker-dealers in the same way they are being served now?

*Answer.* Today, the advice provided to workers, employers, and retirees about their retirement plans is too often tainted by conflicts of interest and therefore potentially harmful. There is strong evidence that unmitigated conflicts of interest cause substantial harm, and therefore the Department is confident that amending the fiduciary regulation to combat such conflicts will deliver significant benefits to plan participants and IRA holders. This evidence is found in academic research, IRA

underperformance, SEC examinations, and EBSA's own enforcement experience. Taken together, the available evidence more than establishes that such negative impacts are present and often times large. When the fiduciary proposal is finalized, plans, plan participants and IRA holders will be able to more readily access and benefit from impartial advice that puts their interests first.

The Department has received comments that the proposed fiduciary regulation would force brokers to convert their existing commission-based accounts into fee based advisory accounts, which would result in higher fees and widespread distributions from smaller account, as these advisory accounts would require higher minimum balances. The Department is carefully considering these comments. To be clear however, the proposal does not, by its terms, require brokers to restructure their compensation as wrap fees or to convert brokerage accounts to advisory accounts. Moreover, under already existing administrative exemptions broker-dealers that are fiduciaries can receive commissions for trading securities, insurance products, and mutual funds—which are the types of investments that make up the large majority of IRA assets today. These and other existing exemptions already create substantial space for brokers to provide fiduciary advice as fiduciaries under ERISA and the tax code while continuing to operate as brokers under the 1934 Securities Exchange Act. In addition, we have ample authority to grant additional exemptions if there are legitimate concerns that beneficial practices would be needlessly prohibited. We will attempt to provide this clarification in a more formal manner as we proceed in this process.

Further, the tax code itself treats IRAs differently from other retail accounts, bestowing favorable tax treatment, and prohibiting self-dealing by persons providing investment advice for a fee. In these respects, and in terms of societal purpose, IRAs are more like plans than like other retail accounts. Most IRA assets today are attributable to rollovers from plans.<sup>3</sup> The statutory definition of fiduciary investment advice is the same for IRAs and plans. It therefore makes sense to establish a single consistent definition for both by regulation, and then deal with the practical differences between the two by tailoring exemptions accordingly. In addition, while IRA holders have more choice, they may nonetheless require more protection. Unlike plan participants, IRA holders do not have the benefit of a plan fiduciary to represent their interests in selecting or compensating investment advisers. Compared to those with plan accounts, IRA holders have larger account balances and are more likely to be elderly. For all of these reasons, combating conflicts among advisers to IRAs is at least as important as combating those among advisers to plans.

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QUESTIONS SUBMITTED BY SENATOR JACK REED

WORKSHARE

*Question.* As you know, I introduced legislation last year to expand work sharing, which just over 20 States have adopted or implemented. I was pleased to see the administration include a work sharing proposal in its budget this year that builds off of my legislation. What can we do to encourage the remaining States to adopt work sharing and for more businesses to participate in work sharing as a means to avoid layoffs and help workers stay attached to the workforce?

*Answer.* The Department currently is limited in what it can do to actively encourage the adoption of worksharing or short-time compensation (STC) programs. Current legislative authority for STC does not authorize certain State practices, such as making the payment of STC contingent on the employer entering into a plan with its employees and making such plan subject to approval by the State UC agency. Amending Federal law would address these issues and allow the Department to more actively promote STC. The Department's Unemployment Compensation Integrity Act of 2011 that was recently sent to the Congress includes language that would provide the necessary legislative authority for the Department to more actively promote STC. The Department welcomes the opportunity to work with the Congress to develop additional strategies to encourage more states to adopt STC and more businesses to participate.

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<sup>3</sup>Peter Brady, Sarah Holden, and Erin Shon, *The U.S. Retirement Market, 2009*, Investment Company Institute, Research Fundamentals, Vol. 19, No. 3, May 2010, at <http://www.ici.org/pdf/fm-v19n3.pdf>.



## WORKFORCE INVESTMENT ACT REAUTHORIZATION

*Question.* Public libraries are key access points in the workforce investment system. How can we strengthen these linkages in the Workforce Investment Act? Do you see the Innovation Fund that was included in the fiscal year 2011 CR as an avenue for supporting library-workforce partnerships?

*Answer.* We agree that public libraries are an important access point for all job-seekers to access workforce services. Under current law, libraries may serve as affiliate One-Stop Career Centers and this feature should be preserved in a reauthorized Workforce Investment Act. The Department has an agreement with the Institute of Museum and Library Services (IMLS) to support strong linkages between public libraries and the workforce investment system. Under this agreement, the Department has provided technical assistance and guidance specifically targeted to library workers on how to use the workforce electronic tools such as career exploration, résumé writer, job banks, etc. The Workforce Innovation Fund will test and support innovative practices and strategies in the workforce system and will contribute to the ongoing work of the Department to disseminate and replicate innovative, successful, and proven practices, which may include those supported by partnerships between the workforce system and other partners such as libraries. The Department has launched a broad consultation process regarding the WIF with the public workforce system and its stakeholders and partners, such as libraries, and this input will help shape the grant solicitation.

## QUESTIONS SUBMITTED BY SENATOR SHERROD BROWN

## UNEMPLOYMENT RATE FOR AFRICAN AMERICANS

*Question.* In 2010, the overall unemployment rate in the United States was 9.6 percent. However, the unemployment rate for African-Americans was 16 percent, which is nearly twice as much as the 8.7 percent unemployment rate for white Americans. We also know African-Americans are among highest of the long-term unemployed.

The numbers we use only include people who the Bureau of Labor Statistics considers officially unemployed; still more Americans want jobs and can't find one, yet they aren't considered unemployed. Many of these Americans, like discouraged workers, have likely been unemployed for a very long period of time as well.

Please explain what DOL is doing to address the especially high long-term unemployment rates among African-Americans?

Are there any programs geared specifically toward lowering the high unemployment rates among African-Americans?

*Answer.* DOL recently released a comprehensive report looking at the labor market situation for African-Americans since the 2007–2009 recession. Although most of the Department's programs are not specifically targeted to any one demographic, our programs are serving African-Americans who are unemployed and underemployed in significant numbers. The following provides an overview of how these programs have benefitted millions of African-Americans during these challenging economic times:

- Ensuring that training and employment services are serving African Americans and are providing a host of support services to hard-to-place workers.
- Between October 2009 and September 2010, more than 4.3 million participants served by the Department's Wagner-Peyser program, employment services administered by the Department, were African-American. This figure represents over 19 percent of total participants served by this program.
- The Workforce Investment Act (WIA) served 570,000 self-identified African-American Adult and Dislocated Worker participants who received staff-assisted services from July 2009 to June 2010. For PY 2009 (July 2009–June 2010), after receiving counseling or counseling and training services, over 330,000 Adult and Dislocated African-American workers exited their respective programs. In addition, of those being served by WIA, over 140,000 African-Americans found jobs during the corresponding timeframe.
- As of September 30, 2010, 28,392 African-Americans have been served by the Department's Community Based Job Training grants and 13,060 African-Americans have been served through the Department's High Growth and Emerging Industry grants.
- Between October 2009 and September 2010, 11,835 African-American workers impacted by trade were served by the Department's Trade Adjustment Assistance program.

- In January 2011, the Department of Labor announced the availability of approximately \$500 million for the first round of Trade Adjustment Assistance Community College and Career Training Grants. The program will enable eligible institutions of higher education, including but not limited to community colleges, to expand their capacity to provide quality education and training services suitable for Trade Adjustment Assistance program participants and other individuals. The overarching goals of these grants are to increase attainment of degrees, certificates, and other industry-recognized credentials and better prepare workers, for high-wage, high-skill employment.
- The National Farm-Worker Jobs Program provides funding to community-based organizations and public agencies to assist migrant and seasonal farm-workers and their families attain greater economic stability. Between October 2009 and September 2010, nearly 1,000 individuals who exited the program after receiving core, intensive, and training services were African-American.
- Since its inception in spring 2006, the Reintegration of Ex-Offenders programs have assisted over 26,000 participants. Of these, 15,530 (60 percent) are African-Americans.
- The Federal-State Unemployment Insurance system (UI) served over 2,377,000 African-Americans from October 2009 to September 2010.
- Providing training opportunities for African-American workers to be involved in the clean energy economy. In 2010, DOL funded the following Recovery Act grant competitions designed to advance training and employment in these industries.
- “Pathways Out of Poverty” grants provided \$150 million to support programs that help disadvantaged populations find ways out of poverty and into economic self-sufficiency through employment in energy efficiency and renewable energy industries.
- Among the awardees was the East Harlem Employment Services, which will work with foundations, unions, educational institutions, and minority contractors to provide education and training to 1,819 people and unsubsidized employment to 881 people in Flint, Michigan and Baltimore, Maryland.
- MDC, Inc. was awarded funds to train more than 700 persons, including 400 who will be placed into employment, in Orangeburg, Calhoun and Bamberg Counties in South Carolina. The Los Angeles Community College District will use funds to provide training to more than 925 persons, including 667 who will receive on the job training.
- “Energy Training Partnership” grants provided \$100 million for job training in energy efficiency and clean energy industries, of which approximately \$50 million reached communities of color. The grants support job training programs to help dislocated workers and other target populations, including communities of color, find jobs in expanding green industries and related occupations.
- Transitioning more African-American youth to employment through programs targeting individuals affected by high poverty and high unemployment.

#### *Job Cops and Youthbuild*

- Programs such as Job Cops and YouthBuild provide job training and educational opportunities for low-income or at-risk youth aged 16 to 24. As of September 2010, there are 8,380 African-American youth enrolled in YouthBuild, representing nearly 60 percent of the participants served in the program.
- African-American youth represented approximately 50 percent of Job Corps students. In addition, VETS and ETA recently announced a pilot for 300 veterans to participate in Job Corps.

#### *“Skills for America’s Future” Initiative*

- Increasing college attendance and graduation rates among African-American youth and encouraging more African-American students to pursue careers in science, engineering and technology. The President’s “Skills for America’s Future” initiative seeks to increase the number of college graduates in science, technology, engineering, and mathematics (STEM), as well as improve industry partnerships with community colleges and other training providers by matching classroom curricula with industry standards and employer needs.
- Assisting workers interested in starting their own businesses. Entrepreneurship training is available to dislocated workers and other adults and youth through the public workforce system overseen by DOL. DOL is also currently conducting an experimental training program called Growing America Through Entrepreneurship (GATE). Project GATE connects individuals with entrepreneurship training and education to help them realize their dreams of business ownership. Project GATE, which is now in its second phase, has been shown to increase

the number of hours of business training participants receive, the speed of business opening among participants, and the longevity of their businesses.

—In eight States—Delaware, Maine, Maryland, New Jersey, New York, Oregon, Pennsylvania, and Washington—certain unemployed workers who participate in entrepreneurship training or business counseling but would otherwise be eligible for unemployment insurance can obtain weekly benefits through a program called Self Employment Assistance.

*Supporting Family-Friendly Workplace Policies*

—Examples of such policies include flexible work schedules and on-site child care, along with the Department's Wage and Hour Division's implementation of the break time for the nursing mothers' law, which became effective when the Patient Protection and Affordable Care Act was signed by the President in March 2010. This new law requires employers to provide reasonable break time and a place—other than a bathroom that is shielded from view and free from intrusion by coworkers or the public—to express breast milk while at work. The Department's role in this effort will undoubtedly help nursing moms achieve balance between their job and care for their children.

—Additionally, the Department has taken steps to ensure more workers can take advantage of the Family and Medical Leave Act (FMLA) by issuing an Administrator Interpretation clarifying that the definition of son and daughter includes someone who stands or stood "in loco parentis" to the child. This interpretation ensures that an employee who assumes the role of caring for a child receives parental rights to family leave regardless of the legal or biological relationship.

—Protecting workers through enhancing the Department's Wage and Hour Division and Office of Federal Contract Compliance Programs enforcement

—The WHD is working to prevent employee misclassification. Misclassification often results in the failure of employers to pay employees the proper minimum wage or overtime pay. Employers may also evade payroll taxes and often do not pay for workers' compensation or other employment benefits. As a result of misclassification, employees are denied the protections and benefits of this Nation's most important employment laws—protections to which they are legally entitled. Misclassification tends to be a pervasive problem in industries that employ a large number of vulnerable workers, such as construction, janitorial, staffing firms, restaurants, and trucking. The President requested funding in fiscal year 2012 for DOL to lead a multi-agency initiative to strengthen and coordinate Federal and State efforts to enforce statutory protections, and identify and deter employee misclassification. This initiative will help provide employees with their rightful pay and benefits.

—The Department recovered more than \$176 million in African-American wages for nearly 210,000 workers in fiscal year 2010. Through the direct leadership of Secretary Solis, the Wage and Hour Division hired more than 300 new investigators—a staff increase of more than one-third. These increased staffing levels will help improve complaint investigations and more targeted enforcement.

—In 2010, the Office of Federal Contract Compliance Programs (OFCCP) completed 80 compliance evaluations where it identified discriminatory practices under Executive Order 11246, which bars race, gender, religious, and national origin discrimination by Federal contractors impacting minorities, which included African-Americans. One case of compensation discrimination against an African-American male resulted in an award of \$24,894 in back pay. Overall, OFCCP also entered into more than 96 Conciliation Agreements with discrimination findings on behalf of more than 12,000 affected workers, resulting in back pay awards of more than \$9 million, and more than 1,400 potential job offers to provide relief for affected workers who have been discriminated against under the Executive Order. Of these, 14 discrimination cases impacted 1,414 African-Americans.

WORKFORCE TRAINING STRATEGIES

*Question.* As we've discussed on several occasions, I've been working on sector partnership workforce training strategies for 4 years, along with Senator Olympia Snowe. This is the strategy of bringing multiple industry players together, along with labor, community colleges, and WIBs, to design a training curriculum and pipeline for future workers within that industry. It's a proven strategy many Governors have taken up, and we're seeing success in Ohio, especially in biosciences and healthcare.

I've introduced legislation—the SECTORS Act—that would amend WIA to create dedicated capacity for sector partnerships, and many States have used their 15 percent set-aside for statewide activities under WIA to support these strategies.

The fiscal year 2011 CR created a new Workforce Innovation Fund that will be used to support demonstration and replication projects that test innovative workforce service delivery strategies, and the fiscal year 2012 budget request proposed \$380 million for the Fund.

Given the reduction in State-level funding under the recent CR, and while Congress continues to consider WIA reauthorization, can you assure me that new and existing sector partnerships will be eligible to receive support from the new Workforce Innovation Fund?

Answer. Eligible applicants for these competitive grants are States, State agencies eligible for assistance under Title I and III of the Workforce Investment Act, consortia of States, or partnerships, including regional partnerships (which ETA interprets to include partnerships of local Workforce Investment Boards). Applications submitted by an eligible entity should demonstrate appropriate and engaged partnerships that support the proposed innovation that leads to better employment outcomes for individuals, meets the skill needs of employers, accelerates learning and credential attainment, and increases efficiencies in the delivery of services. Depending on the relationship and types of activity, sector partners may be eligible to receive funding in support of the overall goals of the proposed innovation.

ETA is engaged in a consultation process with key stakeholders including the Federal partners, Congress, intergovernmental organizations, and the public workforce system in support of the SGA development. Your comment and others received through both formal and informal discussions will be taken under advisement as the Department refines the WIF.

#### PAYROLL FRAUD PREVENTION ACT

*Question.* I recently introduced, with Senators Harkin, Blumenthal, and Franken, the Payroll Fraud Prevention Act (S. 770) which would protect workers from being misclassified as independent contractors, thereby ensuring access to fair labor standards, health and safety protections, and workers compensation. The President's budget includes \$46 million to combat worker misclassification.

What is DOL's plan for cracking down on worker misclassification and payroll fraud? How does making misclassification a violation of the Fair Labor Standards Act (FLSA) helpful to your efforts?

Answer. The administration recognizes that misclassification is a serious problem—it often deprives workers of rights and benefits to which they are entitled under the law; it results in a loss to Federal and State revenue, and underfunded unemployment insurance and workers compensation funds; and it creates an uneven playing field for those employers who obey the law. This is why the Department is participating in a multi-agency Misclassification Initiative, headed by the Vice President's Middle Class Task Force, that aims to coordinate the administration's efforts to enforce statutory protections, identify and deter employee misclassification, and mitigate future violations.

Internally, the Department's Initiative is headed by the Wage and Hour Division (WHD), which is working with the Department's Solicitor's Office to increase information sharing and coordination between DOL agencies, with other Federal agencies, and with State agencies that also enforce laws where employee misclassification is a significant issue. When WHD finds cases where misclassification has occurred, it will be referring those cases to the appropriate Federal and State agencies, such as the IRS and State agencies that oversee Unemployment Insurance and Workers Compensation programs.

WHD is also focusing its enforcement and compliance assistance resources on those industries with large numbers of vulnerable and low wage workers where misclassification is particularly prevalent. WHD is working on ensuring that employers, employees, and the public fully understand that misclassification, whether deliberate or as an unintended consequence of a business practice that seeks to reduce labor costs, frequently leads to violations of the laws we enforce, and effectively communicating to employers the risks of being found in violation. As part of this effort, WHD is actively seeking to work with local and national businesses and trade associations to make sure that our compliance assistance reaches their members.

Currently, misclassification is not a violation of any Federal labor or employment law, but the practice often leads to violations of those laws. We believe that, by making misclassification a violation of the FLSA, requiring notice to workers informing them whether they are classified as employees or not, and providing civil money penalties for violating the act's recordkeeping provision, the Payroll Fraud

Prevention Act would provide employers with important additional incentives to make the correct call when determining whether a worker is an employee and keep accurate records of how they treat those employees, which could reduce the number of violations that occur without WHD having to get involved.

*Question.* The administration is soon likely to submit to Congress the pending trade agreements with South Korea, Colombia, and Panama. The administration recently announced a “labor action plan” with Colombia.

The Colombian government, however, continues to fail at effectively prosecuting those responsible for anti-union violence. The United Steelworkers claim the Colombian government has prosecuted only 4 to 5.6 percent of the nearly 2,800 killings of trade unionists since 1986. And, it has not initiated investigations into more than two-thirds of these killings. What is your view of the labor action plan with Colombia? Has Colombia so far met obligations set forth in the labor action plan, including its April 22 commitments? How is the Bureau of International Labor Affairs at DOL involved in the implementation of the action plan?

*Answer.* The Colombian Action Plan Related to Labor Rights (Action Plan) and our partnership with the new administration of President Santos provide a concrete way forward to address the problems of violence and impunity as a matter of urgency and to improve protections for internationally recognized labor rights in Colombia.

Yes, Colombia has met the April 22 commitments and is on track to meet the additional commitments in the Action Plan. We are continuing to work with the Government of Colombia to ensure that Colombia continues to make the needed progress.

For example, the Action Plan includes strong and specific steps to increase investigation and prosecution of the perpetrators of earlier violence against union activists because the Santos administration recognizes that ending impunity is a major factor in deterring future crimes. In accordance with the Action Plan, President Santos has issued a directive to the National Police, which has already assigned 100 additional full-time judicial police investigators to support the investigation of violence against trade unionists. The Prosecutor General’s office has issued directives, consistent with the Action Plan, to improve the investigation and prosecution of labor cases. It is also undertaking an analysis of past homicide cases of union members and activists, in order to extract lessons that can help improve the investigation and prosecution of future cases. Moreover, the Prosecutor General’s office has analyzed its needs for additional investigators and prosecutors and submitted its plan and 2012 budget request to the Santos administration, which has committed to provide funding for the expanded staffing, including to strengthen capacity in regional offices. In addition, the Prosecutor General’s office is working with the Colombian labor unions and the National Labor School (ENS) to reconcile the Government’s and ENS’ lists of union homicides since 1986 with that of the unions.

DOL’s Bureau of International Labor Affairs (ILAB) has been closely involved in both the negotiation and implementation of the Action Plan. An interagency team comprised of DOL, the Office of the United States Trade Representative, and the Departments of State and Justice are working closely with the Colombian government to ensure that each commitment under the Action Plan is fulfilled.

#### NATIONAL LONGITUDINAL YOUTH SURVEY

*Question.* For the past 32 years, the Center for Human Resource Research at the Ohio State University has been tasked with conducting the National Longitudinal Youth Survey. This survey measures an array of important issues ranging from how families handle their financial affairs, the impact of training and education programs for reentry into the workforce, and what Federal programs are most effective over multiple decades.

As the Nation continues to recover from the 2008 economic downturn, this survey can help us better understand how long unemployment, high rates of youth unemployment term and foreclosure can impact youth in future decades.

How does the Department of Labor plan to utilize the National Longitudinal Youth Survey to best gauge the impact of the current recession?

*Answer.* The NLS records the labor force experiences of two cohorts of American men and women. The older cohort is the 1979 National Longitudinal Survey of Youth (NLSY79) that provides information on the “baby boomer” generation. The younger 1997 cohort is composed of individuals currently in their late 20s and early 30s. The NLS captures long-run changes in individual labor force behavior by interviewing the same individuals over extended time periods. As a result, it is uniquely designed to enable researchers and policymakers to examine how changing economic conditions, such as a recession, affect labor force experiences.

Policymakers can utilize information from past recessions to understand the effect of the recent recession. For example, a study using the NLSY79 measured the wage effects for people who graduated from college in a recession (Kahn, 2010). Another study used the NLSY79 from the years 1978 to 2006 to examine how State and national unemployment rates affected the likelihood of divorce (Arkes and Shen, 2010).

Another use of these data can be to study the recent recession and recovery. As the recession began, the nearly 10,000 members of the NLSY79 were aged 43 to 51 and had been followed for almost 30 years. Analysts will be able to examine how the recession affected this generation's retirement plans, health, ability to pay for their children's college education, and many other aspects of their lives. The 9,000 members of the NLSY97 were 23 to 28 when the recent recession started and had been reporting about their lives for over 10 years. This survey includes many veterans of the wars in Iraq and Afghanistan, and the Department's Veterans' Employment and Training Service already has used the survey to examine the challenges these young veterans have faced as they transition back to civilian life. Analysts will continue to use the NLSY97 to examine how the recession affected the career trajectories, educational attainment, health, families, and other aspects of the lives of veterans and nonveterans, both in the short-term and across the rest of their working lives.

#### INTERNATIONAL LABOR COMPARISONS (ILC)

*Question.* I was pleased that Congress saw fit in the fiscal year 2011 continuing resolution to maintain the International Labor Comparisons (ILC) office of the Bureau of Labor Statistics. I'm concerned, however, by the administration's proposal to eliminate this important office in its fiscal year 2012 budget.

As you know, the ILC program provides the only systematic data comparing labor costs in the United States with major trading partners, including China. As the volume of trade expands, particularly with developing countries, having reliable information on the competitiveness of our workers with those overseas is more important than ever before. While other agencies produce international data, none has the mission and expertise like the ILC to compare data across key countries on labor costs, GDP, unemployment, wages, and inflation. Therefore, it is disturbing that the administration would seek to eliminate this source of information.

If, as the President and you have stated, we are going to out-educate, out-innovate, out-compete in the global economy, it is imperative we do not sacrifice this source for effective policy making and analysis. I request that you share with me your views on maintaining the ILC in the fiscal year 2012 budget, and beyond.

*Answer.* The 2012 President's budget carries forward the proposal from the 2011 budget to eliminate the International Labor Comparisons (ILC) program. The BLS proposes to eliminate this program to fund other, more critical needs. In developing the 2012 budget, the administration committed to make tough choices that prioritize our Nation's most pressing needs during its economic recovery. As a result, programs that were funded in the 2011 budget were identified for reduction in the 2012 President's budget. The proposal to redirect ILC funding does not reflect on the quality and usefulness of the ILC data, but rather the administration's commitment to maintaining the quality and quantity of some of our Nation's most important economic indicators.

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#### QUESTIONS SUBMITTED BY SENATOR RICHARD C. SHELBY

##### DOL FIDUCIARY RULES

*Question.* The Department of Labor's recent proposal to amend its fiduciary duty rule has raised many questions about potential unintended consequences of the rule. For example, a recent study by Oliver Wyman found that "the proposed rule will disproportionately negatively affect small balance IRA investors." What types of economic analyses does the Department intend to conduct to shed more light on how the proposal would affect small and large entities, including retirement plans, their sponsors and service providers, and individual retirement account holders?

*Answer.* The proposed regulation included a regulatory impact analysis (RIA) that assessed the potential costs and benefits associated with the proposal. The Department's RIA satisfied applicable requirements and provided an appropriate economic basis for the proposal. The Department acknowledged in the RIA that its assessment was subject to uncertainty and solicited public comment to help it address areas of uncertainty. As we move forward with finalizing the proposed rule and developing an expanded RIA, the Department will take into account input received from stakeholders and consultations with other Federal agencies. The economic im-

part of the final rule on both ERISA plans and IRAs will be carefully considered during this process.

Some private studies—including several have been commissioned by organizations opposed to the proposal—purport to demonstrate that the Department’s proposal will hurt the very investors and workers that the Department is seeking to help. However, these studies are predicated on several deeply flawed assumptions. For example, one widely cited study builds its entire cost analysis on the assumption that commission-based compensation for servicing IRA’s would no longer be allowed even though there are exemptions already in place that allow broker-dealers acting as fiduciaries to receive commissions for the sale of securities, mutual funds and insurance products.

The Department is always mindful of the impact its regulatory actions may have on the availability of investment products and services to employee benefit plans, IRAs, and to workers and retirees covered by those plans. For example, some commenter’s have suggested that we consider the possible exercise of the Department’s authority to issue additional administrative exemptions from certain prohibited transaction provisions of ERISA as a way of ensuring the continued availability of certain types of transactions that they say clearly benefit plan participants, beneficiaries, and IRA owners. Other commenter’s urged that the effective date of the final regulation allow service providers transition time to adjust their business practices and systems for compliance. We will also be considering these comments and suggestions.

#### CFTC

*Question.* The CFTC has proposed rules under the Dodd-Frank Act that, when read together with the Department’s proposed rule on fiduciary duty, may make it impossible for pension plans to find counterparties willing to engage in swap transactions with them. Does the Department of Labor plan to weigh in on the CFTC rulemaking or take steps in its own rules to ensure that pension plans are able to continue to use swaps in managing plan risks?

*Answer.* The Department has recently weighed in with the CFTC on the interaction between the fiduciary proposal and the CFTC rules proposed under Dodd-Frank by sending a letter from EBSA Assistant Secretary Phyllis Borzi to CFTC Chair Gary Gensler. As this letter says, it is the Department’s view that “a swap dealer or major swap participant acting as a plan’s counterparty in an arm’s length bilateral transaction with a plan represented by a knowledgeable independent fiduciary would not fail to meet the terms of the proposed regulation’s counterparty exceptions solely because it complied with the business conduct standards set forth in the CFTC’s proposed regulation.” The Department does not seek to impose ERISA fiduciary obligations on persons who are merely counterparties to plans in arm’s length commercial transactions. Parties to such transactions routinely make representations to their counterparties about the value and benefits of proposed deals, without purporting to be impartial investment advisers or giving their counterparties a reasonable expectation of a relationship of trust. Accordingly, the Department’s proposed regulation provides that a counterparty will not be treated as a fiduciary if it can demonstrate that the recipient of advice knows or should know that the counterparty is providing recommendations in its capacity as a purchaser or seller.

As we evaluate the comments we have received, we will continue to evaluate the particular terms used to define the scope of any exception to ensure that the regulation is as clear and effective as possible, and to avoid any unintended consequences.

Finally, the Department and the CFTC are actively consulting with each other and coordinating our efforts relating to the DOL fiduciary regulation and the CFTC business conduct standard. Our shared joint goal is to harmonize these initiatives to ensure that the regulated community has clear and sensible pathways to compliance. We are confident that this goal will be achieved.

*Question.* The Department of Labor is considering issuing a transparency rule under ERISA that would require service providers to disclose detailed financial information to health plans. If so, pharmacy benefit managers (PBMs) may be required to provide detailed disclosure of their proprietary cost structures (e.g., pharmacy discounts and drug manufacturer rebates) to thousands of PBM clients without sufficient confidentiality protections to safeguard against the anti-competitive effects repeatedly pointed out by the Federal Trade Commission in the context of state PBM transparency laws. As the Department is undertaking rule promulgation to require the disclosure of proprietary data of service providers of ERISA plans, what has the Department done to reconcile its proposal with the FTC’s seemingly con-

trary position? Has the Department had high level, in-depth discussions with the FTC's Bureau of Competition?

Answer. Yes, the Department has met with senior policymakers at the FTC and had very productive and informative discussions. We will continue to work closely with our colleagues at the FTC on this regulatory initiative.

In March, the FTC's decided in a 5-0 vote to write Mississippi lawmakers about the anticompetitive effects of competitors learning each other's pricing information:

"These provisions could result in sharing competitively sensitive cost information among competing pharmacies and pharmaceutical manufacturers. In particular, such information sharing could undermine competition between pharmacies to be included in PBM networks and between pharmaceutical manufacturers to offer discounts to PBMs. Both outcomes could raise prescription drug prices for consumers. We note, however, that if there are appropriate confidentiality safeguards in place, health plan sponsors (and their consultants) may find specific cost information helpful as they seek to select among PBMs, understand their enrollees' prescription drug use, and ensure that they are receiving appropriate rebates from PBMs."

*Question.* How has the Labor Department calculated the additional costs of service provider disclosure in the absence of confidentiality?

Answer. The Department is aware of the FTC's March 2011 letter. We are still gathering information in advance of considering policy options for this rulemaking at this time and have not yet calculated the potential costs and benefits of service provider disclosure in the absence of confidentiality. The Department will take into account the FTC's concerns regarding competition, collusion, and appropriate confidentiality safeguards in developing the regulatory impact analysis for any rule that is promulgated in this area.

The FTC's March, 2011, letter also noted how certain disclosure could increase collusion.

"In some circumstances, sharing information among competitors may increase the likelihood of collusion or coordination on matters such as price or output. The anti-trust agencies have explained how coordinated interaction harms consumers: coordinated interaction 'can blunt a firm's incentive to offer customers better deals by undercutting the extent to which such a move would win business away from rivals' and 'also can enhance a firm's incentive to raise prices by assuaging the fear that such a move would lose customers to rivals.'"

*Question.* What action is the Labor Department pursuing to mitigate collusion or price coordination among corporations?

Answer. The Department's objective in this area is to ensure that ERISA plan fiduciaries have sufficient information to fulfill their fiduciary responsibility of determining whether their contracts or arrangements with service providers, such as PBMs, are reasonable. We will consult closely with the FTC as we develop a regulatory framework that addresses concerns regarding collusion or price coordination.

#### TRADE ADJUSTMENT ASSISTANCE COMMUNITY COLLEGE TRAINING GRANTS

*Question.* Could you explain why the Trade Adjustment Assistance Community College Training Grants program (TAACCCT) calls for the development of Open Education Resources to meet the immediate training needs of students?

The National Center for Academic Transformation indicates that "high-quality course materials [are already available] at a reasonable cost," "reasonably priced software . . . is a non-problem," and that available software enables "faculty to focus on pedagogy rather than materials creation." Therefore, why do you believe the Federal Government should spend develop materials that appear to already exist in the marketplace?

Answer. The Department expects the Federal funding from the Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant program to provide quality education and training services to Trade Adjustment Assistance (TAA) for Workers program participants as well as other individuals to improve their knowledge and skills, enabling them to obtain good, sustaining jobs. The program allows for development of materials, and it also can improve on existing courses that can be completed in 2 years or less. Ultimately, the goal of adoption and adaptation of courses is to increase industry-recognized credential or degree completion rates of participants through four key priorities and strategies including: (1) accelerating progress for low-skilled and other workers, (2) improving retention and achievement rates to reduce time to completion, (3) building programs that meet industry needs including the development of career pathways, and, (4) strengthening online and technology-enabled learning.



Across these strategies, DOL recognizes that grantees may use existing courses or programs when they are well suited to meet the project's objective. However, training and education needs vary by region and can change quickly. The marketplace does not support courses that meet every project need. In some cases courses may need to be tailored or augmented, and in other cases new materials altogether, not currently supported by the marketplace, may be developed.

As one of four strategies, community colleges and other education organizations have an opportunity to harness technology in their classrooms and modernize their curriculum. These projects are encouraged to improve or develop online or technology-enabled learning programs and courses that can be taken to scale beyond a community level to reach a national audience of diverse students over a larger geographic area. The programs and courses developed with these funds, particularly those developed by consortia of eligible institutions, will be produced to maximize interoperability and exchange, and made freely available for reuse and improvement by others. Online and technology-enabled learning courses not only ensure widespread usage but encourage continuous improvement of courses and learning materials. Most importantly, online learning allows for rapid deployment and the ability to meet employers' skilled workforce needs as they arise.

#### BUDGET DEFICIT

*Question.* Unemployment in our Nation is 8.8 percent. Madam Secretary, what is your Department doing to ensure that we are providing our workers with the type of assistance necessary to help our small businesses and entrepreneurs create well paying jobs?

*Answer.* While the Department's resources do not directly create jobs, they can help ensure workers acquire the skills that employers need to successfully compete in the global economy. The public workforce system focuses workforce development resources on the expressed needs of employers, both small and large, in the following ways:

Local and State workforce boards oversee WIA programs; they are required to be business-led and have majority business membership to connect the One-Stop service delivery system directly to the local employers to ensure workers and training providers are knowledgeable about what jobs/skills are needed in the regional or local economy.

The Department has strengthened connections between the public workforce system and local employers through initiatives such as:

Awarding \$75,000,000 in competitive On-the-Job Training (OJT) where small businesses can be reimbursed up to 90 percent of the trainees' wages for up to 6 months to cover the extraordinary costs of training;

Requiring many of ETA's competitive grants to focus on employers' skill needs or require a partnership with employers, for example, H-1B technical skills training grants that may be competitively awarded to partnerships of private and public sector entities that may include business-related nonprofit organizations, such as trade associations;

Providing technical assistance such as training Business Service Representatives from the One-Stop Career Centers and Workforce Investment Boards to better address business needs and issuing guidance about Entrepreneurship (TEGL No.12-10).

The Department worked closely with businesses and trade associations to develop 19 competency models in such industry sectors as energy, advanced manufacturing, allied health and long-term care and supports, and entrepreneurship. These competency models document the foundational and technical skills and competencies required for workplace success in economically important industries and are available at [www.careeronestop.org/competencymodel](http://www.careeronestop.org/competencymodel). Industry competency models provide a resource for the development of curricula, certifications, and the tests that assess work-related competencies. Most importantly, competency models support worker progression along career pathways.

#### WORKFORCE INVESTMENT ACT

*Question.* Under the Workforce Investment Act (WIA—pronounced WEE-a), all WIA funded initiatives were to be evaluated in 2005. It is now 2011 and we do not have any significant, concrete updates on WIA programs. Given the fiscal restraints in the fiscal year 2012 budget, unless we know that workforce programs are working, I do not think we should continue to fund them. It is my understanding the Department has started a comprehensive evaluation of WIA funded programs and interim results will be available in 2013. Secretary Solis, in the meantime, can you address ways this subcommittee can effectively evaluate these programs?

Answer. The value of training is illustrated by the entered employment rate, or how many individuals found jobs. For the 12-month period ending June 30, 2010, individuals receiving WIA Dislocated Worker program training found employment 1.6 times faster than those who did not receive training. Adults at program exit who participated in On-the-Job Training (OJT) found employment at a rate of 86 percent, while dislocated workers receiving OJT found jobs at 90.3 percent rate.<sup>4</sup> In the 6-month period after finding jobs, individuals who completed the WIA Adult program and Dislocated Worker program, and who were unemployed at program entry, helped stimulate the economy by earning just under \$7.2 billion.<sup>5</sup>

However, such outcome data do not take into account what participants could accomplish without WIA. To do so, in 2008 the Department released the WIA Non-Experimental Study.<sup>6</sup> This study found that, although differences across States are substantial, participation in the WIA Adult program is associated with an increase in quarterly earnings of several hundred dollars. The analysis of participants who receive only core and intensive services suggests that their benefits may be as great as \$100 or \$200 per quarter over the period of study, which is substantial compared to the small costs of those services. The marginal benefits of training may exceed \$400 in earnings each quarter.

The study also found that following entry into WIA, Dislocated Workers experience several quarters for which earnings are depressed relative to comparison group workers. However, their earnings do ultimately overtake the comparison group. The return they experience from training appears to be smaller than that obtained by Adult program participants. The study further found that women appear to obtain greater benefits than men for participation in both the Adult and Dislocated Worker programs.

The estimated effects for various subgroups examined—nonwhite non-Hispanics, Hispanics, those under 26 years of age, those 50 years of age or above, and veterans—are similar to the estimated effects for all WIA participants. In other words, there is essentially no evidence that any of the subgroups considered have experiences that differ from the average in important ways.

Because of serious concerns about the limitations of the methodology and data used in the non-experimental study, in 2008 the Department commissioned the WIA Gold Standard Evaluation (WGSE). This study will address the limitations of the 2008 study as shown in the table below and includes a cost-benefit component. The study's results will be available in 2016, although this schedule is dependent upon continued appropriations for the evaluation of WIA programs.

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<sup>4</sup> Workforce Investment Act Standardized Record Data (WIASRD) records from Program Year 2009 (July 1, 2009–June 30, 2010).

<sup>5</sup> Workforce Investment Act Standardized Record Data (WIASRD) records from April 1, 2008 to March 31, 2009.

<sup>6</sup> [http://wdr.doleta.gov/research/FullText\\_Documents/Workforce%20Investment%20Act%20Non%2DExperimental%20Net%20Impact%20Evaluation%20%2D%20Final%20Report%2Epdf](http://wdr.doleta.gov/research/FullText_Documents/Workforce%20Investment%20Act%20Non%2DExperimental%20Net%20Impact%20Evaluation%20%2D%20Final%20Report%2Epdf).

|                              | WIA Non-Experimental Impact Study (aka 2008 Impact Study)   | WIA gold standard evaluation  |
|------------------------------|---|---|
| Evaluation Methodology ..... | Quasi-experimental methods (propensity score matching) .....  | Random assignment   |
| Sample .....                 | Consisted of 12 purposively selected States .....   | Will use a nationally representative sample of approximately 30 randomly-selected local workforce investment areas  |
| Comparison Groups .....      | Drawn from Unemployment Insurance claimants and Wagner-Peyser participants.   | Will randomly assign from WIA applicants  |
| Data Sources .....           | Used administrative data (UI wage records) which limited the outcomes looked at to quarterly earnings and employment. | In addition to administrative data, will use survey data which will allow a full range of educational, employment, earnings, and self-sufficiency outcomes to be examined |
| Services Examined .....      | Looked at three levels of services: Core, Intensive, and Training compared to persons not receiving WIA services.     | Will look only at Intensive and Training compared to Core   |
| Study Dates .....            | Looked at participants who entered WIA between July 2003 and June 2005.   | Will look at entrants between approximately September 2011 and December 2012  |

## PROGRAM EFFECTIVENESS

*Question.* In March, GAO stated that the Employment and Training Administration's research and evaluation programs have "failed to conduct research that can answer urgent workforce policy questions and lead to an understanding of what works and what does not." What are the Department of Labor's plans to improve the efficiency and effectiveness of programs administered by the Department?

*Answer.* The Department of Labor is taking action in virtually all aspects of its operations to ensure that our programs will operate at the optimal levels of effectiveness and efficiency. We strongly believe in the importance of Federal fiscal responsibility and that part of this responsibility is identifying which programs and strategies efficiently provide the greatest benefit to participants.

The Department recently undertook a significant strategic planning process, publishing the U.S. Department of Labor Strategic Plan Fiscal Years 2011–2016 on September 30, 2010. The strategic planning process was highly inclusive, including formal opportunities for public comment. Further, each agency, including ETA, has formal Operating Plans that are used to guide and monitor its performance. Together, these plans harness and direct the Department's resources toward achieving five goals, which include: (1) preparing workers for good jobs and fair compensation, and (2) for those not working, provide income security. These planning processes are designed to maximize the use of evidence and results.

The Department relies on performance data and evaluations. In addition to our efforts to reassess performance measures to promote better outcomes for individuals of all skill and need levels, we believe that workers and employers should have easy access to information about program outcomes for past participants, so they can make informed decisions about which programs are most likely to meet their needs.

The Department has worked diligently over the past 2 years to increase the rigor of its evaluations. I established the Chief Evaluation Office (CEO) to coordinate the Department's research and evaluation agenda and increase its capacity to conduct high quality, rigorous evaluations. The CEO is working closely with all Departmental agencies, including ETA, to ensure that Departmental evaluations are appropriately rigorous and designed to yield clear and actionable information for policymaking purposes.

Since 2009, about half the evaluations the ETA has funded have been rigorous, random assignment impact evaluations. These include: (1) the Workforce Investment Act (WIA) Gold Standard Evaluation of the Adult and Dislocated Worker Programs (WGSE); (2) the YouthBuild Impact Evaluation; (3) the Reintegration of Ex-Offenders Random Assignment Evaluation; (4) the Impact Evaluation of Green Jobs, Health Care and High Growth Training Grants; and (5) the Transitional Jobs Demonstration Impact Evaluation. Each of these evaluations examines net impacts on employment, retention and earnings, and include benefit-cost analyses. ETA was able to fund these evaluations through an increase in fiscal year 2010 appropriations for evaluations and the funds made available to DOL by the American Recovery and Reinvestment Act of 2009. Random assignment evaluations are highly resource intensive and typically take a range of 3 to 7 years to implement. In addition, random assignment evaluations of our programs may not always be possible when the law requires that people receive services. Therefore, it is necessary at times to conduct other types of evaluations to gain as much information as possible with available resources.

Another key investment that the Department will maximize is the Workforce Innovation Fund (Fund). The Full-Year Continuing Appropriations Act of 2011 provides \$124.7 (post rescission) for the Workforce Innovation Fund that will support competitively awarded grants to States; State agencies that are eligible for assistance under any program authorized under WIA; consortia of States; or partnerships, including regional partnerships. This Fund represents a small but crucial investment in innovative, evidence-based and cost-saving workforce strategies. This Fund will significantly benefit WIA formula-funded activities well into the future by obtaining results that can be replicated broadly throughout the workforce system. These results will inform administrative guidance issued by the Department and future workforce related legislative initiatives.

In addition, the Department has developed effective partnerships with other Federal agencies that encourage State and local synergies to improve the delivery of quality, cost effective services across programs and evaluate their performance. Finally, we look forward to continuing to work with Congress in support of a WIA reauthorization bill that meets the administration goals of streamlined service delivery, better meeting the needs of employers and regional economies, improving accountability, and promoting innovation.

SUBCOMMITTEE RECESS

Senator HARKIN. The subcommittee will stand recessed.  
[Whereupon, at 11:03 a.m., Wednesday, May 4, the subcommittee  
was recessed, to reconvene subject to the call of the Chair.]